

Malawi

Sustainable Agricultural Production Programme - Phase 2

Project Design Report

Main report and annexes

Mission Dates: 12 - 23 June 2023

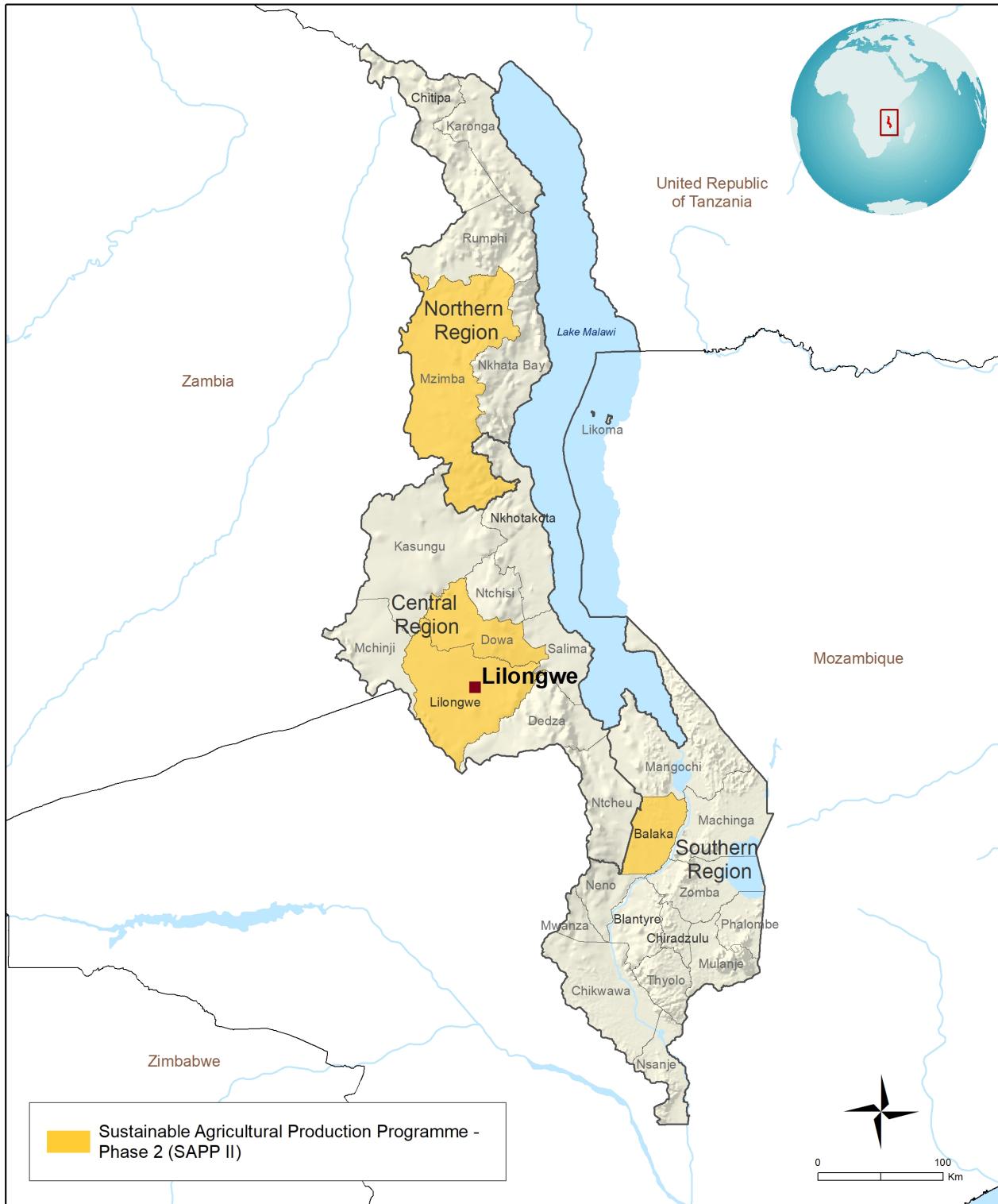
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Map of the Project Area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 07-07-2023

Abbreviations and Acronyms

ABO	Agribusiness Officer
ADC	Area development committee (under local government)
ADD	Agricultural Development Division
ASP	Area stakeholder panel
AEZ	Agro-ecological zone
AfDB	African Development Bank
AIP	Affordable Inputs Programme
AOS	Annual outcome survey
ASP	Area stakeholder panel
AVO	Assistant veterinary officer
AWPB	Annual work plan and budget
BDS	Business Development Services
BLS	Baseline survey
CA	Conservation agriculture
CC	Climate Change
CSA	Climate Smart Agriculture
DADO	District Agriculture Development Officer
DAES	Department of Agricultural Extension Services
DAESS	District Agriculture Extension Services System
DAHLD	Department of Animal Health and Livestock Development
DAPS	Department of Agricultural Planning Services
DARS	Department of Agricultural Research Services
DCD	Department of Crop Development
DLRC	Department of Land Resources Conservation
DSF	Debt sustainability framework (IFAD grant)
EAD	Environmental Affairs Department
EFA	Economic and financial analysis
FAO	Food and Agriculture Organization of the United Nations
FAOSTAT	Food and Agriculture Organization Statistics
FAMEWWS	Fall Armyworm Monitoring and Early Warning System (FAO)
FARMSE	Financial Access for Rural Markets, Smallholders and Enterprise
FBS	Farmer business school
FCF	Farmer Challenge Fund
FFS	Farmer field school
FG	Farmer groups
FMS	Financial management specialist
FARMSE	Financial Access for Markets, Smallholders and Enterprises
GAP	Good agricultural practice
GCA	Global Centre on Adaptation
GoM	Government of Malawi
HH	Household
ICT	Information and communication technologies
IFAD	International Fund for Agricultural Development
KM	Knowledge management
KMC	Knowledge management and communication
LF	Lead farmer
LUANAR	Lilongwe University of Agriculture and Natural Resources
MAFAAS	Malawi Forum for Agricultural Advisory Services
M&E	Monitoring and evaluation
MoFEA	Ministry of Finance and Economic Affairs
MFSRP	Malawi Food Systems and Resilience Project
MRA	Malawi Revenue Authority
MSPs	Multi-Stakeholder Platforms
MTR	Mid-Term Review
MWASIP	Malawi Watershed Services Improvement Project
NAP	National Agriculture Policy
NAIP	National Agricultural Investments Plan
NGO	Non-government organisation
PICSA	Participatory Integrated Climate Services for Agriculture
PIM	Programme implementation manual
PLWHAS	People living with HIV & AIDS
PMU	Programme management unit
PPS	Project Procurement Strategy
PRA	Participatory Rural Appraisal
PRIDE	Programme for Rural Irrigation Development
PSC	Programme steering committee
PTC	(SAPP) Programme technical committee
PWD	People with disabilities
SAPP	Sustainable Agriculture Production Programme
SAPPS	SAPP Secretariat
SLM	Sustainable land management
SOE	Statements of Expenditure
SUN	Scaling up nutrition
TA	Technical Assistance
TRADE	Transforming Agriculture through Diversification and Entrepreneurship
VCF	Village Challenge Fund
VCPC	Village Civil Protection Committee
VDC	Village development committee
WB	World Bank
USD	United States Dollar
VSLA	Village savings and loan association

In line with IFAD mainstreaming commitments, the project has been validated as:

- Be gender transformative Be youth sensitive Be nutrition sensitive Prioritize persons with disabilities Prioritize indigenous peoples Include climate finance Build adaptive capacity

Executive Summary

Malawi is one of the most densely populated countries in Sub-Saharan Africa, with an estimated population density of 203 per km² and a population of 20.9 million (as of 2023) and expected to double by 2060^[1]. The latest (2021-2022) human development index (HDI)^[2] of Malawi stood at 169th place out of 191. The country's GDP per capita, which was \$411 in 2019 (WDI, 2021), ranks as the second lowest in the world. The prevalence of severe food insecurity increased from 47.7 percent in 2004-2006 to 51 percent in 2019-2023^[3]. Against this background, IFAD and the Government of Malawi (GoM) have jointly agreed to consolidate and upscale the Sustainable Agriculture Production Programme (SAPP) achievements to design a second phase (SAPP II), within the framework of COSOP 2023–2030. Building on the lessons learned from SAPP, and in line with the priorities of Pillar I of Malawi Vision 2063 (MW2063), namely, Agriculture Productivity and Commercialisation^[4], the Sustainable Agriculture Production Programme (SAPP II) provides an opportunity to address the structural challenges that limit poor rural smallholders' productivity (in both crops and livestock farming systems) and market integration in Malawi.

SAPP II is aligned with (i) GoM national strategies and (ii) the United Nations (UN) Sustainable Development Goals (SDGs) 1, 2, 5, 8, 10, 12 and 13 and 15, and the emerging focus of the UN Sustainable Development Cooperation Framework (2024-2028). The programme will contribute towards Wealth Creation and Improve Food and Nutrition Security among the Rural Population in Malawi. It will also contribute to rural poverty reduction through the empowered participation of poor rural women, men and youth in the sustainable transformation of agriculture, in line with the goal of IFAD's COSOP (2023-2030) in Malawi.

The above will be achieved through the promotion of market-focused production and facilitation of profitable on and off-farm livelihood opportunities that enable poor smallholder farmers to participate in the agricultural commercialization agenda in Malawi. SAPP II will be women and youth inclusive as well as nutrition sensitive, while ensuring adequate attention to preserving/restoring the natural resource base and adaptation and mitigation to climate change. Given Malawi's recent history with climate induced disasters (including floods, drought and cyclones), disaster risk reduction and mitigation activities and measures will be key to SAPP II.

The goal of the project is to: To contribute towards wealth creation, and improve food and nutrition security among the rural population of Malawi". The Project Development Objective is to: "Commercialise agriculture production and enhance the resilience^[5] and productivity of smallholder farming systems of rural men, women and youth in selected districts of Malawi by 2030". The project will comprise three components/outcomes, namely: (1) Increased smallholder productivity and climate resilience; (2) Commercialisation of smallholder farming systems promoted; and (3) Strengthened institutional capacity and knowledge management systems.

The above-indicated goal and objectives will be achieved by facilitating access to productive farm inputs (improved seed varieties and animal genetics), training in Good Agricultural Practices (GAPs) and climate smart agricultural practices whilst protecting the natural resource base. To ensure production is aligned with market demands and strengthen the capacity of the smallholders to commercialise, SAPP II will promote and develop value chains (both crops and livestock) that are inclusive and have potential for growth, building on experiences from SAPP. The programme will further strengthen farmer organisations, enabling them to effectively interact with other value chain actors. Through the Farmer Challenge Fund (FCF) managed by a competent Fund Manager, the programme will provide rural financing to smallholder groups in the form of competitive matching grants, scaled up from SAPP phase 1 that will enable them to address key supply side challenges, including those related to production and productivity, agro-processing, value addition and post-harvest handling. Further financial inclusion will also be promoted through strategic partnerships with selected financial institutions, leveraging on the FCF investments (and FARMSE) to enable producer groups to interact with financial markets beyond SAPP II life span and in a more sustainable manner. To ensure effective implementation processes, capacity building will be provided to SAPP II Programme Implementation Unit, both at national and district levels, and addressing challenges in the enabling environment through policy support. Foreseen and targeted policies, guidelines and/or manuals include (i) Horticulture Development (ii) Contract Farming (iii) Smallholders Mechanization and (iv) Research and Development Policy.

SAPP II will introduce several critical innovations including: micro-insurance bundled with agriculture inputs in partnership with WFP, pluralistic (public and private) &digitized extension services, sustainable soil health approaches including organic fertilizer (EU Transversal Programme), mechanization options for smallholder communities including exploration of asset leasing through Helo Tractor, and integrating climate, nutrition, gender and age incentives into the FCF.

Reinforcing the programmatic approach of the country portfolio, SAPP II is informed by the lessons of the IFAD-funded projects with a strong focus on delivering inclusive and pro-poor rural agricultural development, promoting market-oriented crops and livestock production systems in support of the agricultural commercialization agenda in Malawi.

Synergies will be developed with existing partners and stakeholders, such as agribusiness and private sector actors, FAO, World Bank, IFAD Malawi Portfolio Coordinators, African Development Bank (AfDB), World Food Programme (WFP), Malawi Watershed Services Improvement Project, The Lilongwe University of Agriculture and Natural Resources (LUANAR), Red Cross implementation of Disaster Risk Management Plans and delivery of Early Warning Systems, Global Centre on Adaptation, Malawi Forum for Agricultural Advisory Services (MAFAAS), Ministry of Natural Resources and Climate Change and the Environmental Affairs Department (EAD) and Ministry of Trade and Industry.

SAPP II will be implemented over a 7-year period (2024-2030) in 4 Districts of Malawi, of which 2 are new and the other 2 were SAPP Districts and within production corridors selected (Lilongwe Rural and Balaka part of the SAPP target districts and two news ones namely Mzimba and Dowa. The previous Districts have been retained to further build on the achievements of SAPP and ensure market ready smallholders can benefit from the commercialization agenda. SAPP II interventions will benefit approximately 80,000 rural households corresponding to 400,000 direct beneficiaries. About 50 percent female beneficiaries and 30 per cent youth beneficiaries will be targeted. Special consideration will also be given to women headed households, and HHs with persons with disabilities.

It is anticipated that about 15,000 beneficiaries will have increased their incomes by at least 25 percent by end of the project, while 60 percent of women beneficiaries are expected to report minimum dietary diversity (MDDW). Further, about 49 percent of the beneficiary households are expected to report adoption of improved inputs, technologies or practices, increase in production as well as adoption of environmentally sustainable and climate- resilient technologies and practices.

Total project costs are estimated at US\$53.3 million, which will be disbursed over a period of 7 years. Component 1) Increased smallholder productivity and climate resilience represents 26 percent of the total project costs (US\$14 million). Component 2) Commercialization of smallholder farming systems promoted represents 59 percent of total project costs, at US\$31.2 million; and (3) Strengthened institutional capacity and knowledge management systems allocated 8 per cent equivalent to US\$4 million. The remainder of the budget (8 percent) was allocated towards project management costs, representing US\$ 4.06 million.

The climate risk category is rated as significant. The Economic Rate of Return (EIRR) for the overall project is calculated to be 23 per cent and the Net Present Value (NPV) is estimated at equal to US\$11.9 million. SAPP II is sensitive to changes in some of the model's variables (variations on benefits and costs, various lags in the realization of benefits and adoption rates), emphasizing the importance of sustainable investments in the crops and livestock value chains and smallholder production systems.

Key sustainability features include (i) Strengthening of farmer organisations and giving them a voice on the market space (ii) Focus on private sector participation and market integration of smallholder groups; (iii) Leveraging the FCF and promoting access to mainstream finance by producer groups and their members to ensure sustainable access to improved production inputs, processing and value addition technologies; (iv) Environmental protection of the natural resource and productive base; and (v) Institutional strengthening of key GoM Institutions, including the Ministry of Agriculture, to deliver on their mandate. As a result of the above, SAPP II has been designed with an inbuilt exit strategy that ensures the target groups are able to graduate from donor support and fully integrate with local market systems in Malawi.

1. Context

A. National context and rationale for IFAD involvement

a. National Context

1. Malawi is ranked 164 of 191 countries on the UNDP Human Development Index (HDI) ranking for 2023. Per capita income remains low, at 496.14 USD, according to the IMF World Economic Outlook Report of April 2023. Further the country has one of the lowest literacy rates in Sub-Saharan Africa, standing at 67 percent in 2021, according to World Bank Reports. It has an area of 118,484 km² (45,747 square miles), of which 20 percent is water. The country is divided into three regions, each with its own set of 28 districts^[6].
2. According to the World Bank Malawi Country Context Overview Report (2023), Malawi's economic growth continues to be slow, affecting both the macro- and micro-economy. Overall, inflation has continued to be high, with the April 2023 annual inflation rate standing at 28.8 percent, up from 15.7 percent in April 2022. Despite the revenues from tobacco exports, the country faces a foreign currency deficit, which is only currently enough to cover one month of imports, compared to the set minimum threshold of three months. The worsening economic situation has led to the rising costs of goods and food commodities, which has been further compounded by low fuel imports and high fuel and food prices.
3. These developments come against a background where Malawi is just emerging from the adverse impact of COVID-19. Further, the Russian war on Ukraine has seen a sharp increase in global fertilizer and fuel prices, exerting additional pressure on the economy. Fiscal pressures from the COVID-19 pandemic, the Russian-Ukraine war, and the government's expansionary policies, including the significant investment towards the Affordable Inputs Program – AIP (60-70 percent of the agriculture sector (about USD 250 million) have all but contributed to the widening fiscal deficit in Malawi.
4. Agriculture remains a key sector for the Malawian economy, employing around 85 per cent of the workforce and contributes 22.6 per cent of GDP and 80 per cent of export earnings in Malawi. Furthermore, the National Livestock Development Policy (2021) indicates that livestock contributes about 36 percent to the agricultural GDP. The country's predominantly rain fed, low-input smallholder agricultural system is highly vulnerable to the effects of climate change. According to the IPC Chronic Food Insecurity Report (2022), about 5.4 million people in Malawi living in rural areas were facing Moderate to Severe chronic food insecurity (IPC 3 and 4) due to abject poverty and recurrent shocks, among other drivers.
5. The 2022/23 production season in Malawi is projected to be below average, particularly for the maize crop, which contributes over 70 percent of the national food requirements. Reduced access to fertilizers, compounded by the adverse impacts of

Cyclone Freddy are expected to significantly reduce crop harvests, especially in Southern Malawi that is the worst cyclone-affected area. Overall, maize production at the national level is projected to be 20 to 30 percent below average, which is likely to exacerbate food insecurity in the affected areas.

6. Chronic food insecurity in Malawi, where over 70% of the population of about 19.1 million people still live below the international poverty line of \$2.15/day, is driven by several factors, including:
 7. Small land holding sizes: According to a study by the MwAPATA Institute (2020), small holder farm sizes in rural Malawi are already small, with about 76 percent of the smallholders now struggling to sustain a family on less than half a hectare of land. The population continues to grow at about 2.6% annually resulting in the country having one of the highest population densities in the sub-region, at 206 people per km² of land. Expanding the land under cultivation therefore seems very near or already at the frontier of its potential. Agricultural productivity therefore remains below potential overall, and the soils response to inorganic fertilizer applications is being curtailed by soil degradation and loss of soil organic carbon.
 8. Weak access to farm inputs, including improved seed varieties and animal breeds: High levels of poverty, weak developed local fertilizer industry and poor financing for the smallholder farming sector mean that the rural smallholders have limited access to improved crop and livestock cultivars and breeds, which are essential to improve productivity at farm levels. Poor infrastructure and road network systems also mean that inputs are not readily available to smallholders in the rural parts of Malawi. With no access to affordable finance, the poor smallholder farmers can only rely on the often-inefficient Government Affordable Input Subsidy Programmes (AIP), which faces huge financing challenges as well as limited coverage. Increased outbreaks of crop pests and diseases, fueled in part by climate change, has also had an adverse impact on productivity in the face of limited access to suitable and environmentally friendly crop chemicals, drugs and animal vaccines.
 9. Weak smallholder extension systems: Despite the establishment of the District Agricultural Extension Services System (DAESS), with structures at District, and community levels, the extension system in Malawi faces huge challenges related mainly to poor budgetary and resource allocations. Mobility is a challenge for extension agents whilst the ratio of extension worker to farmer is already very high, standing at 1:2000, compared to the recommended 1:750 (World Bank recommendation). Lack of internet connectivity and poor infrastructure has also made it difficult for the rural smallholders to benefit from digital extension services. With limited participation of the private sector in the production chain (either as input suppliers, aggregators or off-takers), the smallholders have also not adequately benefited from private extension services.
 10. High post-harvest losses: Poor infrastructure and produce storage facilities at farm household level continue to exacerbate the issue of high post-harvest losses within the smallholders' food system. This has also been made worse by the weak extension delivery system resulting in limited awareness and adoption of technologies that limit food and produce losses at the farm and household levels. Consequently, the smallholder farming system in Malawi has one of the highest post-harvest losses in the region, accounting for about 30% of the total harvest. The lack of equipment and access to technology for agro-processing and value addition has also meant that excess production is lost before reaching the market in most cases, especially with regards to perishable horticultural produce.
11. Thin & unstructured agriculture markets: According to IFPRI (2023)[\[7\]](#), agriculture markets are generally thin and unstructured, with a high prevalence of production for own consumption which contributes to market weakness. Due to low production and yield, farmers realize small transactions with limited surplus contributing to thin food crop markets. The government of Malawi has historically engaged in supporting commercial activities by directly engaging in trade through parastatal agricultural marketing organizations or by maintaining close oversight of marketing and trade in such crops, instead of supporting private firms to competitively engage in production, marketing, processing, and retailing.
12. Land Degradation: has resulted in a 15% decrease in arable land over the last decade in Malawi. Malawi heavily relies on wood fuel as a major source of energy for cooking and heating, with an estimated 96% of the total population using fuel wood for cooking in the form of firewood and charcoal. Consequently, and due to bad farming practices, the average annual national soil loss rate in 2014 was 29 tons per hectare. Deforestation is estimated to be responsible for 33,000 hectares of land cover loss in Malawi each year.
13. Climate change: The World Bank (2018) describes Malawi as particularly prone and exposed to adverse climate hazards including dry spells, seasonal droughts, intense rainfall, ravine floods and flash floods. Sensitivity to climate change is affected by many factors including high population density and high poverty levels. 80% of people in Malawi depend on rain-fed agriculture and natural resources which are climate sensitive sectors. Widespread natural resources and land degradation limits the country's (and agricultural sector's) adaptive capacity, along with inadequate access to financial resources, access to climate-smart technologies, climate resilient infrastructure and relevant information.
14. In addition to food insecurity, and according to UNICEF reports (May 2023), the majority of poor rural households in the country face acute malnutrition, linked to poor food diversification, agricultural production and household diets that focus primarily on one food group—staple foods (mostly maize with some rice, cassava and sweet potatoes)—and limited production and consumption of five other food groups (fruits, vegetables, legumes & nuts, animal products, and fats). Consequently, Malawi has a high prevalence of malnutrition (stunting) among under-five year old children, at 37 percent.
15. Agro-ecological regions and agricultural potential: Malawi is divided into eight agro ecological zones based on soil factors, altitude, rainfall amount, duration, and variability, and temperature regimes. The agricultural potential of the country is much greater in the north and centre of the country; mainly in the Lilongwe/Kasungu Plains in the Central Region and Chitipa in the North. The potential is lower in the Southern Region. Low levels of rainfall, loss of soil fertility, land pressure and generally poor weather conditions that characterize most of the Southern Region are major contributors to the low agricultural potential.
16. Despite its challenges, the smallholder agriculture sector is central to the achievement of the country's vision, Malawi 2063,

which seeks to transform Malawi into a wealthy, self-reliant and industrialized upper-middle-income country by the year 2063. In this regard, the agriculture sector is responsible for one of the three key pillars of MW2063, namely Agriculture Productivity and Commercialisation. As per the Government of Malawi aspirations and vision, increasing agriculture productivity and commercialization will produce and supply raw materials for industrial processing as well as healthy and nutritious food. Knock-on impacts will be felt in the agro-based industries leading to job and wealth creation, with accruing benefits to youth, women and men.

17. **Mega/Anchor Farms:** To accelerate the commercialization drive, Government intends to partner large-scale commercial farms (anchor or megafarms) with smallholder farms to provide smallholder farmers with access to improved inputs, training, processors, and other end markets. These reforms are specifically intended to generate positive spillover effects for smallholder farmers and address challenges related to low agricultural output, declining crop and livestock yields, limited competitiveness of the country's agro-industry, and the sector's susceptibility to climate change and weather shocks. Although this initiative is still in the early stages of conceptualization, it may present opportunities to link farmers to markets in the future.

b. Special aspects relating to IFAD's corporate mainstreaming priorities

18. **Climate:** Changes in climate have been evident from the late 1990s to the present. Most significant are changes in the start, length and quality of the rain season, increased frequency and intensity of climate-related disasters, especially prolonged droughts and flooding, heavy downpours, accompanied by strong winds and mudslides, also leading to flash floods. According to WFP Report on cyclone Freddy (April 2023), about [2.3 million people in the southern part of Malawi](#) lost their crops and livestock and over 179,000 hectares of crop fields were destroyed. The situation for rural households in southern Malawi was already dire before cyclone Freddy, following the destruction from Cyclone Anna which destroyed [more than 220,000 farmers' fields](#) and crops in January 2022. Overall, climate change is expected to reduce the country's food supply and this has major implications on the lives of the rural poor, further harming development progress across sectors.
19. **Youth employment:** Malawi is experiencing a rapid rise in the number of young people and about two thirds of Malawi's population is under 24 years of age and about 45% is under 15 years. Absorbing this group into employment is currently a major challenge because of slow economic growth (less than 2%). The non-agriculture wage jobs are unlikely to provide employment for a large share of the youths. Majority of the youth will depend on agriculture and agricultural related informal sector jobs for their livelihoods.
20. **Gender and Women participation in agriculture:** According to the World Bank Report (2022), women in Malawi comprise 52% of population and 80% of the labour force. However, gender productivity gaps in the agriculture sector remain high. For example, farm plots managed by men produce an average of 25% higher yields than plots managed by women. The gender gaps are due to women having unequal use of productive inputs, such as farm labour, inadequate access to land, inadequate access to improved technology and lower participation in cash/export value chains.
21. **Nutrition:** In Malawi among prevalence of stunting among children under five years remains high, at 37 percent, wasting at 2.6 percent and overweight 4.4 percent. Despite significant interventions, malnutrition remains a persistent problem in the country's rural areas (IPC 2022) stunting is 39 percent compared to only 25 percent of children in urban areas. About 15.4 percent of women of childbearing age are anemic and 30 percent among pregnant women.

c. Rationale for IFAD involvement

22. The context of Malawi is therefore characterized by a strong national aspiration to commercialize the agriculture sector, within an operating context of high poverty, food insecurity, low agriculture production, thin agriculture markets and limited crop diversification. The country's high vulnerability to climate disasters, further exacerbates agriculture production risks, particularly for the smallholder farmers.
23. IFAD has a 40-year experience in the country, which has demonstrated the critical importance of interventions structured around agriculture inputs provision, extension, Good Agriculture Practices (GAPs) and adaptive research. IFAD's engagement under SAPP resulted in the development of 10 agriculture productivity enhancement technologies and practices across various commodities including, beans, cowpeas, soybeans, groundnuts and pigeon peas. Over 70 percent of beneficiary households reported an improvement in soil fertility and agriculture production. A solid network of over 15,000 lead farmers have been equipped to support the dissemination of Good Agriculture Practices. 88 percent of farmers reported adoption of new/improved inputs, technologies or practices, while over 68 000 were trained in business management and income generating activities. Notable yield improvements under SAPP (60% & 80% increase in soya bean and pigeon peas yields respectively), and household incomes (28 per cent increase in gross income from crop production) were highlighted by an IFAD SAPP Impact Assessment (2022). Overall, the SAPP experience confirms the existence of a critical mass within the ecosystem of lead farmers and market-ready producers that are adopting good agriculture practices and making use of the new technologies.
24. SAPP's Impact Assessment however highlights the limited focus on value chain development, which curtails farmer engagement with markets. IFAD's 2022 Country Strategy and Programme Evaluation (CSPE: 2011-2020) for Malawi found limited resilience capacity to extreme shocks and persistent challenges with households' nutritional status and recommends the promotion of diversified and sustainable farming systems.
25. IFAD, through SAPP II, is well placed to support the upscaling of the SAPP approach and productivity enhancing technologies, while promoting market-oriented crops and livestock production systems in support of the agricultural commercialization agenda in Malawi. Considering the high-levels of poverty in the country, SAPP II will also integrate deliberate actions towards stabilizing food security for the poorer and food insecure households, as well as strengthening women's empowerment, climate resilience of the rural smallholder farmers.
26. Considering that Malawi is at the early stages of its agriculture commercialization journey, the operating context requires a bottom-up approach to create a pipeline of producers and service providers along agriculture value chains, addressing market gaps within the operating context, whilst still supporting household food production. Such a unique context requires differentiated approaches, which consolidate and enhance market access amongst beneficiaries with market potential, whilst adopting production enhancement and food security interventions for the food insecure households that are not ready to engage in markets.

B. Lessons learned

27. **Mitigating climate change & strengthening resilience:** Most rural households in Malawi have not built their resilience to climate shocks due to poverty, consequently, many farmers become trapped in a climate-induced poverty trap if community resilience and the vulnerability of agriculture to climate related shocks is not addressed [Mwapata (2020)]. SAPP experience found that climate smart agriculture technologies, including GAPs focusing on resilient farming systems intensification and diversification options such as small stock, integrated homestead farming and agroforestry are key to mitigating climate risk vulnerability and supporting household food security. SAPP II will integrate climate sensitivity and scale up the livestock pass-on scheme as a complementary resilience-building intervention under component 1.
28. As demonstrated through a pilot in Zambia and FARMSE Malawi, micro-insurance proved effective in mitigating risk of climatic shocks, but effective partnerships with providers, and information dissemination, is key, as is the use of digital tools. SAPP II will therefore link producers to the insurance products developed under the WFP programme under component 3.
29. **Agriculture diversification:** According to Mwapata (2020),[\[8\]](#) the high dependence on food aid and free input subsidies (Affordable Inputs Programme) is pushing farmers to devote more resources to maize production at the expense of high value crops. SAPP II therefore seeks to build on the technologies and crop varieties developed under SAPP and avail higher value and diversified agriculture inputs on the market, in support of agriculture diversification.
30. **Market-focused production:** Although SAPP reached its objective of increasing productivity, smallholder farmers did not always find a sufficient market for their produce partly due to weak market linkages and weak private sector off-taking capacity (IFAD CSPE 2022). SAPP II will focus on market-focused production – ensuring that value chain analyses inform research and extension, whilst promoting market linkages through the matching grants.
31. **Research-extension-farmer nexus:** SAPP demonstrated strong researcher-extension-farmer linkages, through implementation arrangements that integrated the village, sub-district, and district extension systems. These systems will be adopted under SAPP II to ensure context-specific service delivery and foster sustainability and ownership of programme interventions, to support the introduction of market-focused production.
32. **Producer group profiling and business coaching:** World Bank funded Agriculture Commercialization Project (AGCOM) in Malawi experience suggests the critical importance of business coaching as an integral intervention in the capacity building of the Producer/Farmer Organizations. Such business coaching shall among others help the producer organizations to understand bank credit procedures as well as gain skills in developing and managing business plans. In addition, it is important to determine the nature, type and functionality of the producer organizations prior to the business plan development stage. SAPP II therefore integrates these lessons under component 2 where producer organizations will be profiled, and business coaching provided.
33. **Food and nutrition security within agriculture commercialization:** Commercialization of food commodities often incentivizes producers to focus on cash crops at the expense of consumption, hence the Programme designs should ensure that food and nutritious crops are not left behind. SAPP II will therefore integrate food security and nutrition as a key consideration in the selection of value chains and in the financing through the matching grants. This was confirmed by the IFAD CLPE that the portfolio 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. SAPP II will incorporate this approach by supporting adoption of technically and commercially viable farming systems, while integrating food and nutrition security as a key eligibility criteria under the FCF.
34. **Matching grants:** There is clear demand and scope for scaling up the Village Challenge Fund (VCF) through matching grants, after 550 groups were reached under SAPP (midway implementation). VCF contributed to fast-tracking farmer adoption of good agricultural practices that facilitated acquisition of improved production inputs for increasing productivity and or meeting a marketing need. SAPP II will promote the Farmer Challenge Fund.
35. **Farmer contribution for ownership:** From the experience of the World Bank funded Agriculture Commercialization Project (AGCOM) in Malawi, a firm condition for farmer contribution under the matching grants is enhances ownership, commitment and participation. AGCOM has a 30% mark farmer contribution (20% assets and 10% cash). However, it is also important to acknowledge that some of the poorer producers need more handholding than others because of the context within which the commercialization agenda is being driven. SAPP II will therefore refine the Village Challenge Fund (VCF), and ensure farmer contribution, and differentiated windows to address the variations in production capacity and market potential.
36. **Dedicated PMU& capacity augmentation through external support:** SAPP experienced start-up delays due to the full integration of programme activities within Government structures without a dedicated coordination unit responsible for the implementation of the programme. Hence, SAPP II will adopt the revised SAPP implementation arrangements with hybrid coordination arrangements i.e. dedicated PCU and implementation through the district and sub-district structures. The SAPP II institutional setup includes a strategy for recruitment of external capacity and identification of partners for implementation of key strategic components such as the Farmer Challenge Fund.

2. Project Description

C. Project objectives, geographic area of intervention and target groups

The Project Goal is “To improve wealth creation, as well as food and nutrition security among the rural population of Malawi”. The Project Development Objective (PDO) is to: “promote inclusive and sustainable Commercialised agriculture that enhances the resilience[\[9\]](#) and of smallholder farming systems for improved income, food and nutrition security of rural men, women and youth in

selected districts of Malawi by 2030". This will be achieved through three interrelated Components/outcomes as described below:

37. **Commercialisation of smallholder farming systems:** The Government aspires to transform agriculture through the production of diverse, competitive, and high-value niche commodities. SAPP II builds on the SAPP first phase, which was effective in establishing systems (extension), productive assets (technologies) and capacities (GAPs, business skills), upon which the agriculture commercialization agenda can take off. Considering that Malawi is at the very early stages of agriculture commercialization, the overall focus of SAPP II is to contribute towards the initiation of structural transformation of smallholder farming – gradually shifting mindsets at the household level in terms of commodity choice and input use decisions based on market demand and market dynamics. The overall focus is to shift productive households towards a more commercial orientation, through production support, diversification, strengthening farmer groups, and providing investment funds under a challenge fund to trigger input and output markets in the target districts.
38. At the production level, SAPP II will ensure that research, extension and farmer demonstration interventions are informed by the findings of value chain analyses in support of market-focused production. District-level value chain opportunities are mapped, and subsequently, target groups will be supported to respond to the specific needs of their identified potential agriculture markets. Such support will include strengthening of farmer group management and business planning capacity, support to agriculture production quality, post-harvest value addition and adoption of standards, as well as facilitation of market linkages and access to investment financing. Through a matching grant facility, producers will receive funds to enable them to address some of the identified commercialization gaps including seed multiplication, small-scale mechanization, agro-dealers for improved input supply, agro-processing facilities and market intermediaries.
39. Based on SAPP results as well as analysis conducted during the design, there is high potential to support commercialization in value chains that will also have strong benefits to food and nutrition security, contribute to climate resilience, promote gender equality and create job opportunities for women and the youth. Food staples and small livestock will be promoted for local consumption and local markets (common beans, maize, soya beans, goats and chicken) while higher value commodities will be supported to fully commercialize (oil seeds, groundnuts, sunflower and horticulture). The aim is to invest in short value chains that will also increase availability of nutritious foods in local markets. Preliminary analysis suggests the need to focus the technical assistance and investment support in improving production and productivity through high yielding seed varieties and livestock breeds, sustainable fertilizers including bio-fertilizers and adoption of good agricultural practices.
40. The SAPP II commercialization approach informs the structure of the key project interventions: Output 1.1: value chain opportunities mapping; Output 1.2: capacity for climate-smart, nutrition-sensitive production systems; Output 1.3: Sustainable management of productive resources; Output 2.1 Strengthened Farmer Organizations; Output 2.2: Market linkages promoted; and Output 2.3 Farmer Challenge Fund (FCF). Building on the commercialization approach described in the PDR, a more comprehensive Commercialization Strategy/Plan which will integrate strategies to enhance food and nutrition security will be developed at Start Up (ref Start Up Plan).
41. At district level, based on the value chain opportunities mapping, SAPP II will adopt differentiated approaches tailored to the productive capacity of the beneficiaries, to ensure that the poorest are not left behind, and to continue supporting food security in the target districts (strategy elaborated below).
42. **Target Districts:** Based on agreed criteria with Ministry of Agriculture, which include district poverty and vulnerability indexes, climatic risks, food and nutrition insecurity levels, agricultural and market potential as well as potential to synergise and complement with IFAD and other donor programmes, a total of four districts located in Southern, Central and Northern regions of Malawi and within production corridors were selected. These are Lilongwe Rural and Balaka which were part of the SAPP target districts and two new ones namely Mzimba and Dowa.
43. With regards to the previous SAPP districts, activities will focus on supporting the smallholders that are market [\[10\]](#) ready to commercialize, whilst additional groups facing production and productivity challenges will be supported with GAPs in the previous and new targeted EPAs. This ensures a differentiated approach as commercialization will mostly focus on the previous SAPP Districts, and market ready farmers in new districts whilst poorer farmers with production & productivity challenges will be supported, to enable them to eventually access markets. In both Mzimba and Dowa (new districts), components 1 and 2 of the project will be implemented. An additional set of criteria will be applied during project start-up phase to inform the selection of EPAs and participating Villages. These include (i) Potential to increase productivity (ii) Market demand and profitability, and (iii) Potential to achieve food security and involve large numbers of the rural poor. Government will also consider support to the operationalization of irrigation schemes under PRIDE based on the completion rates at the start-up up SAPP II.
44. **Target group:** SAPP II is expected to reach an estimated 80,000 smallholder households equivalent to 400,000 people. Further and through the scaling up of on-going livestock pass-on scheme in the two old SAPP districts, an additional 89,448 beneficiaries will be reached, with 53,728 goats and 787,200 chickens that will be passed on during the life span of SAPP II targeting the food insecure households. The project design identified the following target groups from the following socio-economic groups:
 - *Rural food insecure households*, who have little land around their dwelling and few productive assets (25% of project target). These will receive support on agricultural production and climate adaptation and mitigation interventions. They will also benefit from the livestock pass-on scheme. A significant proportion of these households are likely to be female-headed households and individuals vulnerable to climate change, malnutrition (women of reproductive age and children under five years of age), youth, the elderly, persons with disabilities, persons living with HIV/AIDS and other vulnerable groups
 - *Moderately food insecure households* (20% of project target) involved in low-productivity subsistence crop and livestock farming, also vulnerable to climate change and in need of support to produce surplus to become market oriented. These will receive support to improve their agricultural production and marketing.
 - *Market-potential smallholder households* (55% of project target) that are facing fewer productivity constraints, comprising

economically active small and medium enterprises requiring support for strengthened marketing and value addition, and possibly previous beneficiaries of SAPP. These are included in SAPP II interventions because they have the ability to support poor smallholders in commercial agricultural production acting as lead farmers and co-investments in FFS Mixed groups also decrease risks in rural finance. SAPP II will target 50% women, 30% youth and 5% PWDs and other vulnerable groups.

45. For all the four districts, target groups will be selected based on beneficiary profiling, needs and existing opportunities as provided in the PIM.
46. Indirect beneficiaries will include those benefiting along the selected value chains and enterprises such as casual labourers, traders and processors.
47. **Gender equality and women empowerment:** SAPP II will create equal opportunities for women and men to benefit from the project. Specifically the project will: (i) increase women economic empowerment by enabling access and control of productive assets and finances through the FCF, participation in natural resource management, climate adaptation and mitigation interventions in crop and livestock production as well as engaging in off farm economic activities to increase incomes; (ii) reduce workloads for women by introducing labour and time-saving technologies, increased resilient crop and livestock production; (iii) increase women participation, representation and decision-making at household, community and farmer organization level, (iv) increase joint benefits sharing through the household (Gender Action Learning System- GALS) approach and contribute to gender policy engagement.
48. **Gender transformative approaches.** SAPP contributed to improvement in women's access to assets through interventions such as livestock pass on program, increased access to VCF grants and improved technical knowledge by targeting women as part of the Lead Farmers. The IFAD RIA Impact Survey Report, 2021, established that SAPP contributed to increased women empowerment on (i) leadership and decision-making role with the share of female lead farmers accounting for 31% of overall population of lead farmers in the programme area which was 25.8% higher than that for non-programme areas. Women comprised 50% of key decision makers in agricultural activities which was higher than that for non-beneficiaries and there pointed to improved gender focus by SAPP. The report also found that the number of female household members engaged in salary work had improved was 26.92% higher in the beneficiaries group compared to the comparison group which pointed to the inclusion of women in community and wage work activities.
49. The higher number of female lead farmers as a result of SAPP will contribute to a change in the decision-making roles at household and community levels in SAPP II. Further, SAPP implemented the household approach and supported adoption of energy saving cooking stoves and GAPs that reduced workloads for women. As a result, women had more time to be engaged in community and other productive activities, thereby supporting their empowerment. SAPP targeting approach ensured that there was a substantial participation of women in programme activities and at completion, women accounted for 47.4% of persons receiving programme services against a target of 50% set at appraisal. There were other notable changes in the programme area such as women being able to own and control assets at household level besides being empowered to make key decisions on how to spend and invest income arising from agriculture activities and reduction of gender-based violence. However, it was noted that there were data gaps as regards the documentation of gender outcomes for that contributed to gender transformative changes in SAPP.
50. **Youth empowerment:** SAPP II will support participation of young females and males aged between 18-35 years through (i) capacity and skills development to enhance their participation in agri-business in the targeted value chains (ii) increase access to productive assets and finances through the FCF by creating a quota and tailored conditions for youth beneficiaries and lastly (iii) creating jobs through wage and self-employment across the selected value chains. The project will target 30 percent of young men and women.
51. **Food security& nutrition:** SAPP II will improve access to food and dietary diversity of the beneficiary communities, particularly the most vulnerable women, children and adolescents through the following pathways (i) ensure availability of food from own production particularly for staples and home gardening activities (ii) invest in short value chains that increase availability and potentially affordability of nutritious foods in local markets (ii) increase economic access to food through incomes generated by surplus production and commercialization activities. In addition, the matching grant (Farmer Challenge Fund), includes food security relevance as a key criterion for accessing funding. Moreover, the preliminary value chain analysis undertaken identifies food crops that constitute the food-basket for Malawian household (maize, groundnuts, horticulture). The livestock pass-on scheme will continue under SAPP II with a focus of ensuring household food security for the poorer households. The overall food security strategy is focused on i) availing nutritious food in the markets (supported by research and GAPs), ii) enabling farmers to produce a surplus, thereby increasing their ability to purchase food (access) from the market, and iii) integrate the nutrition strategy elaborated above.
52. **Climate sensitive programming:** Malawi is highly vulnerable and exposed to the impacts of climate change. The targeted district selection included criteria on level of exposure to strong winds, floods and extreme heat. Not all selected districts are the most exposed and vulnerable, hence the risks to project activities are minimized. Still, all targeted districts remain vulnerable. A targeted adaptation assessment (TAA) identified critical adaptation interventions in each district, which are inherent activities of the components and constitute safeguards to guide value-chain selection, FFS programme designs, extension services' advise, and FCF partners and grants selection. In addition, the matching grant (Farmer Challenge Fund) include a criteria to ensure technologies are climate-smart, and a dedicated component to build the Ministry of Agriculture's capacity for disaster risk management (Component 3.2) was included.
53. **Rural Financial Inclusion Strategy for SAPP II:** SAPP II design coincides with the initiation of a dialogue between IFAD and the Ministry of Finance to develop a 'financial inclusion strategy' for the IFAD-funded Portfolio, which will effectively review the various financing instruments under the portfolio with scope to i) rationalize the use of grants instruments for efficiency, effectiveness & sustainability, ii) consider revolving fund mechanisms, & de-risking instruments to leverage funding from banks

and other financial service providers into the agriculture sector, & iii) effective management of financing instruments by competent fund managers. The Rural Financial Inclusion Strategy is expected to be completed in Q1 2024 and will inform SAPP II implementation of the Farmer Challenge Fund (FCF).

D. Components/outcomes and activities

Outcome 0: Response to emergency and disaster

54. The objective of this component is to ensure that in the event of a disaster, whether environmental or man-made, SAPP II can adequately respond to safeguard the developmental gains of the project. The most likely emergencies in Malawi are weather-related i.e. extreme weather events such as Cyclones and El Nino.
55. This component can only be triggered after the declaration of a disaster or an emergency situation by GoM at national level or at large scope in the targeted districts.
56. In joint agreement by IFAD and GoM, Funds could be reallocated from other components or mobilized from IFAD or other external sources to implement eligible activities that enable early action and rapid response to crises that manifest in the project areas and sustain resilience and strengthen the maturity of resilience outcomes attainable over the lifecycle of SAPP II. Eligible activities that could be funded by this component are: i) access to inputs (seeds, fertilizer, livestock drugs and small stock), ii) training for income generating activities through climate smart agriculture, iii) repair/rehabilitation of damaged equipment. Facilities or infrastructure that is essential for the delivery of the project's development objectives, iv) land clearing, v) technical assistance to connect beneficiaries to financial products that would allow beneficiaries to sustain their investment or enhance their protection (such as insurance) from damages and losses, vi) integrated catchment management and vii) seed funds for small income generating activities. The overall guiding principles for allocation of resources to this component are 1/ overall preservation of the project's integrity and development objectives, 2/ adaptability to the absorption and execution capacity of the relevant institutions involved in the project's activities and 3/ transparency and fairness.

Outcome 1: Increased smallholder productivity and climate resilience

57. This outcome will not only enhance household food and nutrition security but also enable rural smallholders to produce surplus that meets the market quality and quantity requirements. Support will focus on enhancing production systems (both crops and livestock) that are market oriented, while protecting the productive natural resource base and climate proofing investments.

Output 1.1: Inclusive value chain and market analysis

58. Based on SAPP first phase results and initial value chain mapping work conducted during the design, the output will identify opportunities and select key value chains most relevant for smallholder development, including for youth and women. Up to 3 value chains per district will be prioritized and selected based on agreed criteria including market demand, production potential, ability to create jobs and incomes for women and youth, as well as opportunities to introduce varieties and practices improving climate resilience, food security and nutrition.
59. Constraints and market opportunities to increase the profitability of farmer groups will be assessed. Value chain and market demand analyses will have a cascading effect, underpinning the core SAPP II investment areas i.e. agriculture research, production decisions, and the implementation of the Farmer Challenge Fund (FCG) under Outcome 2. Based on SAPP first phase results and assessments done during the design, the identified potential commodities include groundnuts, soybeans, pigeon peas, common beans, maize, sunflower, goats and horticulture (tomatoes and onion) as potential value chains for further development. During the Inception period, these will be assessed and the SAPP II target commodities finalized. To address the nutrition challenge, the selection of commodities will consider horticulture, nutrient dense crops (bio fortified and indigenous) and small stock such as goats and chickens.
60. A detailed market analysis will be conducted to explore the existing market linkages and constraints affecting producers and agri-business institutions and outline market opportunities with potential for smallholder participation. The selection of commodities and intervention activities will be consultative involving all key stakeholders – farmers (associations, cooperatives), traders. Regarding details of planned activities within value chains, see outputs 2.1-2.3 below.

Output 1.2: Enhanced capacity for climate-smart, nutrition-sensitive production systems and gender transformative approaches

61. This output builds on the GAPs and climate-smart technologies developed under SAPP and scales them up through improved training, extension services, and access to agricultural inputs for piloting and demonstration. In addition to upscaling the GAPs, the component will continue implementing adaptive research to improve climate-resilience and address market-access challenges of specific relevance to achieving resilient, nutritious and gender-sensitive production (access to inputs, labor-saving technologies, etc.).
62. Based on new needs and emerging challenges since SAPP, DARS will undertake further research and generate new technologies that respond to climate change, women empowerment, market needs and opportunities. Foreseen research areas could involve generation of low cost equipment for value addition and agro-processing, technologies to reduce postharvest losses as well as mechanization. Technologies developed will support climate-smart and nutrition-sensitive production, storage and processing. Technologies will also be selected based on their ability to promote women's economic empowerment and balanced workloads. Research plans and protocols will be developed based on SAPP and adapted to new contexts and technologies.
63. SAPP II will support the dissemination of the technologies developed, addressing some of the bottlenecks between technology generation and dissemination (content and accessibility of technology messages and knowledge products; capacity of lead

farmers, extension agents and advisory service providers; gender friendly approaches, farmer-research-extension feedback mechanisms).

64. The SAPP livestock pass-on scheme will also continue to revolve under SAPP II in the target districts where SAPP was implemented (Lilongwe Rural and Balaka). SAPP II will support the development of a breeding programme to address animal health and low-productivity challenges.
65. Climate-smart technologies developed during SAPP will be scaled up through on-farm demonstrations, campaigns, trainings and Farmer Field Schools (FFS). The SAPP Research Synthesis Report (2019) identifies the following as high potential scalable interventions: drought and pest tolerant seed technologies for legumes, integrated pest management, and composting (major feed stocks for compost production, developing a protocol for each zone and application to other crops besides maize and other cereals).
66. FFS will focus on building capacity for more complex production practices aimed at improving resilience and nutrition, like post-harvest handling, pest management, seed production, fruit-tree seedling propagation. More simple GAPs will be demonstrated and scaled-up through demonstrations and campaigns. FFS and demonstrations on sustainable management of productive resources, including intercropping, manure and inorganic fertilizer application. Gender action and learning tools will also be applied to ensure that both men and women benefit from project activities. These will be undertaken jointly with capacity-building activities in component 1.3.
67. FAO-FFS programme will be deployed based on the Malawi-specific FFS guidelines developed under the [KULIMA programme](#) and build on an existing network of Master Trainers and community based facilitators. The FFS will aim to train a total of 45,000 households over four years, and include women's skills through training and the demonstrations, while integrating gender equality and women empowerment, GBV and HIV and AIDS modules.
68. *Extension services enhancement:* Digitized extension services, such as the Mlimi Radio hotline and other radio and Short Messaging Services (SMS) services will also be promoted to improve access to information on climate and GAPs. The GCA will support IFAD and MoA with (i) identifying and prioritizing digital climate information and advisory services tools (DCAS) to scale up climate-smart agriculture in the project area and (ii) developing a curriculum and manual to train agricultural extension staff and the last mile to deploy these tools.
69. ICT solutions and all other forms of extension services, including on-farm trials and demonstrations will be rolled out as per the PICSA approach, providing tailored advice using climate information based on seasonal forecasts in the target area, thereby improving farmers' adaptive capacity. This will involve building capacity of all extension service providers, particularly in new districts. Private extension services provided by pre-identified agro-dealers involved in the delivery of Component 2 will also be explored.
70. Nutrition: The value chains promoted by the project will be assessed for their potential to increase nutrition benefits, particularly to the most vulnerable beneficiaries e.g. groundnuts, legumes and livestock, which are all high in protein, micronutrients and essential Vitamins. In addition, dietary diversity will be promoted through support to integrated homestead gardens, scaled up from SAPP, targeting food insecure and most vulnerable households, such as PLWs with children under 2 years, adolescents etc. The beneficiaries will receive a garden kit to procure seeds, planting materials (vegetables, fruits, neglected and nutrient dense underutilised species, biofortified crops) and small livestock, preferably fast multiplying such as ducks, rabbits, guinea fowls, pigeons, through the pass-on system. The women will be linked to the local extension services. Through care groups, the nutrition activities will be linked with Social Behaviour Change Communication (SBCC) to promote positive nutrition behaviours.
71. Nutrition education will be made available to all project beneficiaries to promote dietary diversity, influence cultural food taboos and religious beliefs that discourage consumption of some nutritious foods particularly among the vulnerable groups and promote water sanitation and hygiene. Nutrition education will be integrated into all the project delivery mechanisms, such as Household approaches, farmer organisations, Farmer Field Schools, community theatre, nutrition days, radio, and digital platforms will be used to increase outreach. Nutrition champions and social influencers (men, adolescents, youth) will be identified and coached to model positive nutrition behaviours and leverage on existing training materials[\[11\]](#).
72. The project will also promote nutrient rich indigenous and wild foods by including activities on participatory biodiversity assessment to understand the availability of foods, their key characteristics and potential for biodiversity. This will improve diets and sustainably while conserving traditional knowledge and food cultures.

Output 1.3: Sustainable management of productive resources (soil, land and water)

73. While activities in output 1.2 directly support production (in ways that are resilient, climate-smart, nutrition sensitive and gender responsive), this output focuses on strengthening the natural resource base which production systems rely on. Through co-financing from the EU Transversal programme and anticipated funding from the Adaptation Fund, SAPP II will ensure farm and micro-catchment resources such as land and soils are sustainably managed, restored and preserved to support sustainable agricultural production through the preservation of vital ecosystem services such as soil fertility and land productivity, flood regulation, nutrient cycling and carbon sequestration. Through improvements in soil, land and water management, the project aims to reduce farmers' sensitivity to climate hazards, in particular droughts and floods, and restore the ecosystem services that help them adapt to and respond to strong winds, floods and droughts.
74. Eligible activities under this component will include: (i) Sustainable soil fertility management and supporting (i) fertilizer management (appropriate use of inorganic fertilizer and use of (organic nutrient sources such as farm-yard manure, composting and green manure) (ii) production and adoption of bio-fertilizers, (iii) agroforestry as successfully implemented during SAPP with special focus on fertilizer, fuel, fodder and fruit trees. This will be used to support soil health, (iv) Restoration and sustainable soil and water management in micro catchments' hotspot (v) Promote efficient fuel wood stoves to reduce pressure on natural

resource base and reduce women's workloads in households, using unburnt bricks to avoid deforestation and charcoal making kilns for green charcoal production.

Outcome 2: Commercialisation of smallholder farming systems promoted

75. Based on the Output 1.1 mapping of value chain opportunities at each district, the Outcome 2 will support farmer groups in commercialisation and integration to inclusive value chains. Farmer organizations' management and marketing capacities will be strengthened, and market linkages as well as access to finance will be promoted.

Output 2.1 Strengthened Farmer Organizations

76. Farmer groups will be used as a vehicle to increase productivity and market linkage activities. The entry point will be to identify, assess and profile existing farmer organisations operating in the target villages. The identified FOs will be classified by the project according to their level of organisation and development. Following this, training and counselling will be provided as necessary for improved inclusive market-oriented functioning. FOs will serve as platforms for collective access to inputs and bargaining, structuring of production to align with needs of buyers, aggregation of commodities, as well as support towards processing and value addition activities.
77. Larger farmer groups in value chains such as groundnuts, sunflower and soybeans will also enter into processing acquiring produce from members and adding value , such as cooking oil processing, peanut butter, vegetable frying, thus providing a market to farmers within their geographical areas of operation. These will receive support in business plan development to access funding from relevant sources, including FCF. The Malawi Bureau of Standards will also be engaged to ensure quality control and food safety such as aflatoxin management,food handling, packaging, and labelling. Women farmer groups will receive targeted trainings that may include basic numeracy and financial literacy to equip them with requisite business skills.
78. To ensure the quality of Business Development Services (BDS) provided by district agribusiness officers (ABOs) and agricultural extension development officers (AEDOs), non-governmental/private sector technical service provider institution will be engaged to provide training (through Training of Trainers) and skills development. Targeted support will be provided to women and youth groups to achieve equitable outcomes, including support to Youth groups in business planning through an existing network of Technical and Vocational Training centres (TVETS) in the four Districts. Youth hubs will be leveraged to reach approximately 1,000 youth through trainings.

Output 2.2: Market linkages promoted based on opportunities to unlock value

79. This intervention will seek to address key market linkage constraints identified in the value chain studies (output 1.1), including production planning and aggregation strategies, quality management, market information support (including packaging and labelling), creation of value chain-specific business relationships, value addition and post-harvest loss management for enhanced produce quality and sustained quantity. SAPP II will consider sector players (SPs) with experience working with women and youth, who will support FOs to enter win-win business relationships with market intermediaries through coaching and mentorship.
80. Activities will include undertaking pre-season market assessments to identify potential buyers, their needs and areas of geographical interest. Where feasible, formal contracts will be signed with marketing intermediaries. Farmer groups may seek financing, either as advances from marketing agents or other sources (including the FCF) to purchase produce from members and non-members as a strategy for aggregation. It is envisaged that the FCF will be used to support organised farmers to take up production technologies that would improve their capacity to produce for identified markets while reducing workloads for women.
81. Multistakeholder platforms (MSPs) have been established through efforts of other projects such as PRIDE and TRADE. Project beneficiaries participating in target value chains will be integrated into such platforms. Additional platforms will be established as necessary for new value chains. These platforms will enhance VC coordination and advocacy, from production to transformation of products and marketing.
82. SAPP II will also consider partnering with Hello Tractor, a private service entity that specializes in provision of mechanized technology to boost production and productivity by smallholder rural Farmers in East and Southern Africa. Through a pilot with SAPP II, Hello Tractor would provide tailored tillage implements and services for land preparation through an asset leasing arrangement as well as extension support services to boost production and productivity to the rural smallholders.

Output 2.3 Farmer Challenge Fund (FCF) Promoted

83. Based on SAPP experience and following the technical support provided by SAPP II under the above-described project Outputs 1.2, 2.1 and 2.2, the Farmer Challenge Fund (FCF) will provide financial resources to implement upgraded agricultural production systems by local farmer groups by women, men and youth.
84. A detailed guideline for the management of the FCF will be prepared and presented for IFAD no objection not later than one year after the SAPP II start up. The guideline will follow the overall framework presented below and in the SAPP II PIM.
85. The FCF will offer various financial products including Matching Grants (MG). The FCF resources will be managed by a competitively selected Fund Manager with long term commitment to manage wholesale agriculture finance resources in Malawi. At district level, the Challenge Fund investments will targetSAPP II Farmer Groups based on business plan proposal reviews against agreed criteria. A dedicated district level committee with a representative from the district public sector, private sector and finance sector will be integrated into the reviews and selection of MG recipients. A locally present financial institution in each district will be engaged to open bank accounts to all beneficiaries and transparently manage the FCF investment transactions.

The engaged financial institutions will also provide mainstream financial services to the target groups.

86. FCF will have two windows:

1. Production Window which will prioritize financing to producer groups/SMEs that are facing constraints related to improving production and productivity in a sustainable manner, with foreseen financing needs in accessing improved seed varieties, animal genetics and breeds, equipment and assets for land preparation and post-harvest handling (mechanization).
2. Agro-processing and Value Addition Window will prioritize financing towards the purchase of assets and equipment in the target value chains, as well as improve quality standards as part of market integration.

87. Provided in Table 1 below are detailed FCF funding thresholds and budget ceilings under the two windows:

	Window 1: Production Investments	Window 2: Value Addition Investments
Target group	Farmer Groups with limitations in agriculture production capacity and access to markets	Registered Farmer Groups with potential for value adding commercialization
Objective	Smallholder CC resilience and market-oriented production. Achieved through improved productivity and product quality, nutrition, food security and marketing capacities.	Smallholder CC resilience and commercialization. Achieved through improved productivity and product quality, pre-processing and marketing capacities and reduced food loss and waste.
US\$ thresholds	Maximum US\$ 10,000 to Farmer Groups with 10-25 members from different households and families For groups with less than 25 members from different households and families, max grant amount equals US\$400 x number of members	Maximum US\$ 20,000 per Farmer Group with 10-25 members from different households and families For groups with less than 25 members from different households and families, max grant amount equals US\$800 x number of members
Counterpart contribution	Total 30% that consists of farmer contributions: Minimum 10% in cash Minimum 20% in kind (materials)	Total 30% that consists of farmer contributions: Minimum 20% in cash Minimum 10% in-kind (materials)
Outreach	Average 25 members per group Average 25 non-member beneficiaries per group	Average 25 members per group Average 50 non-member beneficiaries per group
Targeted overall number of beneficiaries	400 Farmer Groups 10,000 group member HHs 10,000 non-group member HHs	300 Farmer Groups 7,500 group member HHs 15,000 non-group member HHs
Women inclusion	Minimum 40% women total outreach For groups with more than 75% women, the cash contribution is lowered to 5% and in kind increased to 25% In kind may include alsolabour	Minimum 40% women total outreach For groups with more than 75% women, cash contribution is lowered to 10% and in kind increased to 20% In kind may include labour
Youth inclusion (18-35 yrs.) (PWD)	Minimum 30% youth total outreach For groups with more than 75% youth, cash contribution is lowered to 5% and in kind increased to 25% In kind may include labour also	Minimum 30% youth total outreach For groups with more than 75% youth, cash contribution is lowered to 10% and in kind increased to 20% In kind may include labour also

	Window 1: Production Investments	Window 2: Value Addition Investments
Application requirements	Group organization and members Simplified business plan Breakdown of costs Proof of bank account Proof of counterpart contribution Identified market Benefits to non-group members	Group bylaws and members Detailed business plan Costs and benefits Proof of bank account Proof of counterpart contribution Identified market Job creation Benefits to non-group members
CSA	All investments demonstrate climate smart technology or approaches will be used	All investments demonstrate what climate smart technology or approaches will be used
Nutrition and food security	Commodities with proven positive nutritional impact will be prioritized	Commodities with proven positive nutritional impact are preferred
Community resource management	Groups that satisfactorily lead the Village Catchment Management Action Plan implementation (as confirmed by the Village Natural Resources Committees), cash contribution lowered to 5% and in kind to cover 25%.	Groups that satisfactorily lead the Village Catchment Management Action Plan implementation (as confirmed by the Village Natural Resources Committees), cash contribution lowered to 10% and in kind to cover 20%.

88. Both windows will prioritize beneficiaries that have potential to generate local employment and community wide benefits-through provision of services, as well as commodities with a nutritional and food security impact. The fund will incentivize the sustainable management of natural resources by reducing the group contribution for the matching grant. Climate smart technologies will be promoted as a mandatory criterion.

89. Overall **sequencing of SAPP II across SAPP and SAPP II beneficiaries and districts** is presented below in table 2.

Table 2. SAPP II Sequencing Plan

Support measures	Previous SAPP Districts (Lilongwe Rural, Balaka)	New Districts (Mzimba, Dowa)
<ul style="list-style-type: none"> - Technical Support through Outcome 1: Increased smallholder productivity and climate resilience. Also support on food and nutrition security - Financing through the FCF Window 1: Production Investments 	<p><u>New non-market ready groups (Rural food insecure & moderately food insecure households)</u></p> <ul style="list-style-type: none"> - New Extension Planning Areas (EPAs) not yet targeted by SAPP - Face agriculture production and productivity challenges - Member households are food insecure and/or moderately food insecure - Groups supported in GAPS and other productivity enhancement technologies - Livestock pass-on scheme for food security & nutrition 	<p><u>New non-market ready groups (New non-market ready groups (Rural food insecure & moderately food insecure households))</u></p> <ul style="list-style-type: none"> - Face agriculture production and productivity challenges - Member households are food insecure and/or moderately food insecure - Groups supported in GAPS and other productivity enhancement technologies
<ul style="list-style-type: none"> - Technical Support through Outcome 2: Commercialisation of smallholder farming systems - Financing through the FCF Window 2: Value Addition Investments 	<p><u>Previously SAPP-supported and new market-potential groups</u></p> <ul style="list-style-type: none"> - Based on the producer group profiling under component 2. - Groups with potential to improve agriculture production to markets - Groups with capacity to invest in value addition investments - Groups graduated from non-market ready support measures 	<p><u>New market-potential groups</u></p> <ul style="list-style-type: none"> - Based on the producer group profiling under component 2. - Groups with potential to improve agriculture production to markets - Groups with capacity to invest in value addition investments - Groups graduated from non-market ready support measures

OUTCOME 3: Strengthened institutional capacity and knowledge management systems

Output 3.1 Capacity of staff and partner institutions strengthened for SAPP II coordination, communication, Knowledge Management and M&E

90. **Capacity of staff and partner organizations.** SAPP II will support capacity building activities to facilitate effective implementation, including complimenting the PMU with additional staff where needed, and, providing relevant project specific training to fill up any skills gaps. SAPP II will also undertake capacity building of partners at the district level to strengthen project coordination, as well as skills enhancement for frontline extension staff. Operational equipment including computers, vehicles, motorcycles and office furniture will also be provided.
91. **Knowledge management and communication.** Knowledge management and communication systems will be developed to reflect and capture the project achievements, the lessons learnt and success stories. Information, Education and Communication materials for use by farmers, staffs and stakeholders in different formats will be produced, published and shared with the different stakeholders through different channels (newsletters, social media platforms, newspapers, leaflets, posters, promotional materials, flyers, video documentaries, farmer Magazines as well as radio and TV programs). Agricultural Resource Centres, mobile campaigns and ICT tools such as mobile apps and web-based applications will be used. In addition, the programme will produce handbooks, manuals and booklets for use by staff, farmers and other stakeholders. A SAPP II website will be created and will be the main channel to share updated information about the programme.
92. **Output 3.2. Institution capacity building and policy engagement for resilient and market-oriented food systems**
93. The project will facilitate the formulation, review and updating of national policies, strategies and regulations that support smallholder farmers' resilience and commercialisation of agricultural production. SAPP II will provide both local and international expertise when needed to facilitate stakeholder consultations on identified policy space. Main areas of support will include smallholders Mechanization, Contract Farming, Horticultural Development, Code of Conduct for Agro-dealers, and ancillary regulations, also highlighting gender dimensions in these policies. SAPP II will identify other policies, strategies and regulations for support in pursuit of commercialisation of climate-smart agricultural production by small/medium scale farmers.
94. Specifically on disaster risk management, activities will focus on (i) building capacity for early warning system response and disaster risk management through improved coordination between DAECC members and Village Civil Protection Committees, as well as (ii) climate risks assessment and mapping exercises, which support the Ministry of Agriculture in providing recommendations that safeguard agricultural production in the development of VCPC's plans and the update of key policy document and plans for disaster risk management at national level. With support from the GCA, the project will also identify potential digital adaptation solutions to promote EWS that can contribute to addressing the problems posed by the climatic risks, and develop a roadmap for national digital advisory services and e-extension system.
95. SAPP II will also pilot a weather micro-insurance model. The pilot will build on the lessons learnt from WFP micro-insurance programme, bundling the insurance product with input material provided through local agro-dealers. SAPP II activities will focus on raising awareness of the weather micro-insurance product to increase uptake, while FARMSE will provide financial support for designing and piloting the micro-insurance product in SAPP II targeted areas.

E. Theory of Change

96. The agriculture sector in Malawi continues to underperform due to limited access to productive resources, infrastructure, input and output markets and finance, despite the vast natural and fertile resource base. Smallholder farmers have a strong subsistence orientation, and food security challenges and poverty persist. Adverse climate conditions further worsen the resilience of the rural community. The nutrition status is constrained by poor or limited access to nutritious foods and inhibiting cultural practices, which result in poor dietary diversity, particularly of the most vulnerable households. Women, youth and other vulnerable groups are particularly constrained to fully participate in agriculture value chains due to limited access to productive resources such as land, inputs, technology, decent jobs and financial services. Degradation of land resources, soil loss and surface water resource depletion further threaten the productivity of smallholder farmers and increases their vulnerability to the impacts of climate change such as dry spells, floods and increases in temperature.
97. Despite these challenges, the Government aspires to transform the Malawi agriculture sector towards a more commercial system that is responsive to internal and external markets, with significant multipliers within the micro/macro economies in terms of wealth creation, food security, resilience, and poverty reduction. Although Malawi is at the early stages of its agriculture commercialization journey, there is evidence of early adopters of new agriculture technologies and market-ready producers including under SAPP, that are ready to engage in productive and market focused farming interventions – critical productive assets and resources for the commercialization agenda.
98. SAPP II therefore aims to support smallholder farmers to improve productivity and access to markets resulting in sustainable improved incomes, resilience to climate related shocks, food and nutrition security. *Considering the early stages in Malawi's agriculture transformation journey*, SAPP II will adopt a differentiated strategy through a menu of interventions that will address the differentiated challenges faced by the rural communities in the target districts.
99. For the poorer households, SAPP II will focus on stabilization of production and ensuring continuous support towards food and nutrition security, and resilience mostly through Outcome 1. To improve food security, SAPP II will support smallholder farmers and farmer organizations to increase production and productivity, enhance their resilience to climatic shocks whilst promoting the sustainability of productive resources (soil, land and water). Women, youth and vulnerable groups including people with disability (PWDs), will receive targeted support to promote efficient production systems, enhance participation and empowerment, through the Household Approaches (HA) and purposeful targeting on the livestock pass-on scheme.

100. For the market ready farmers (55 percent), SAPP II will focus on elevating these groups towards market-focused production and value chain engagement. By supporting smallholders and producer groups in market oriented production, including addressing production and productivity related constraints such as access to quality seeds, animal genetics and inputs, pluralistic extension systems including e-extension and business development services, SAPP II will ensure smallholders produce beyond subsistence levels and are in a position to interact with markets in a win-win situation, sustainably increasing their incomes, create jobs for their community members as well as diversified livelihood opportunities. These interventions will be completed by support towards post-harvest loss control as well as value addition.

101. Consequently SAPP II will therefore address: (i) low productivity caused by climate change hazards and extreme weather impacts, land degradation and high pressure on natural resources, lack of knowledge of sustainable agricultural practices and inefficient use of inputs and lack of incentives for women and youth; (ii) limited market access due to pre and post-harvest crop losses, lack of marketable commodities and poor organizational structure of farmers groups to respond to market's needs, (iii) stabilization of household food security and nutrition for the poorer households and iv) supporting the development of an enabling environment for the resilience and commercialization agendas.

102. To facilitate access to finance for farmer groups, the project will enable financing through the Farmer Challenge Fund (FCF), in addition to facilitating partnerships with mainstream financial institutions. SAPP II will ensure that the gender and youth dimension are considered when supporting the farmer groups under the FCF.

103. The food and nutrition status are constrained by high prices of food, seasonal fluctuations in food access and post-harvest losses. Other factors are poor or limited access to nutritious foods and inhibiting cultural practices, which result in poor dietary diversity, particularly of the most vulnerable households. For the most vulnerable households, the project will support integrated household food production for household consumption and production of staples. Food security will also be enhanced by ensuring food is affordable and available in local markets.

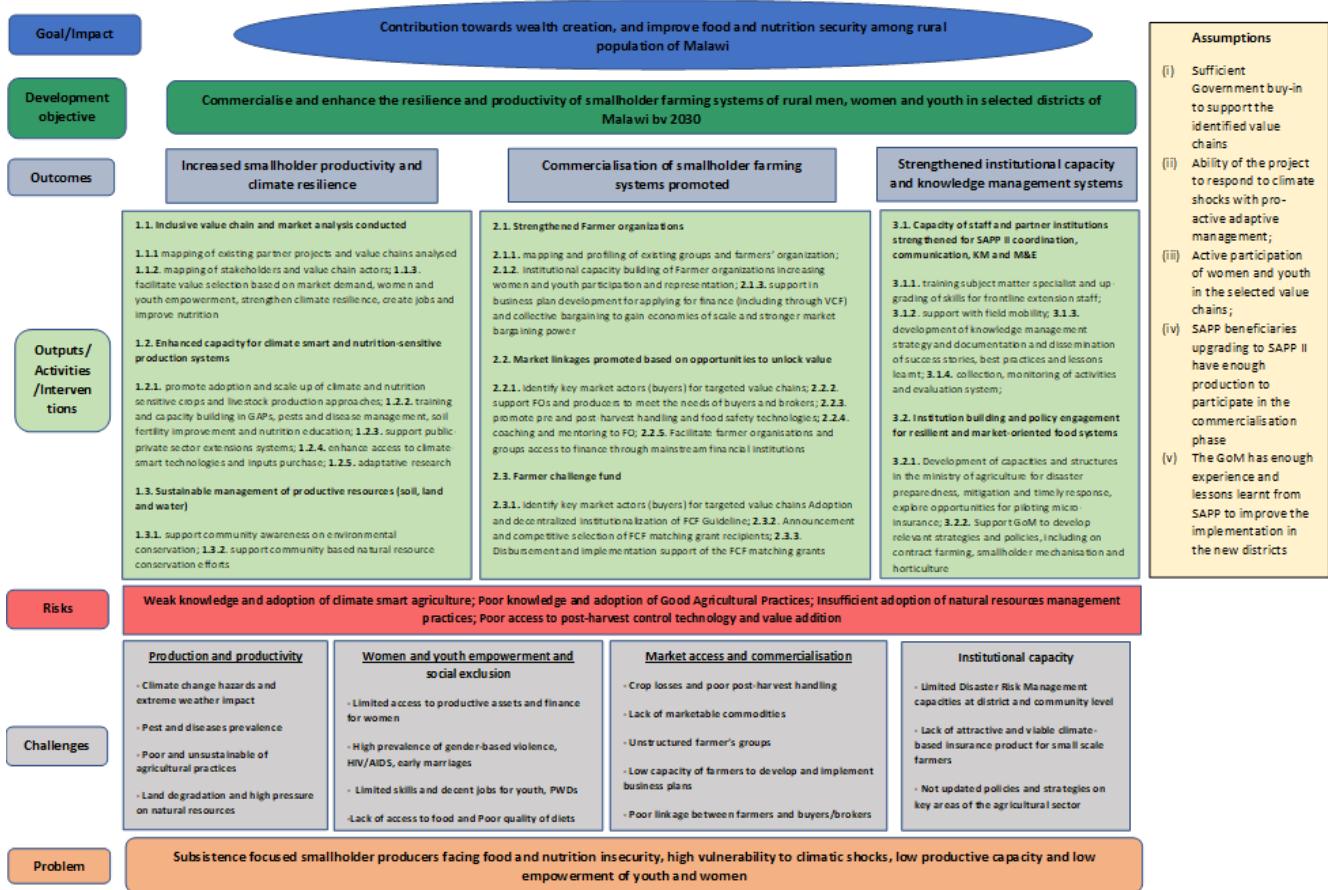


Figure 1: Theory of Change diagram

F. Alignment, ownership and partnerships

104. SAPP II is aligned with (i) GoM national strategies and (ii) the United Nations (UN) Sustainable Development Goals (SGDGs) 1, 2, 5, 8, 10, 12 and 13 and 15, and the emerging focus of the UN Sustainable Development Cooperation Framework (2024-2028).

105. The project is aligned with the Government of Malawi vision, MW2063, which seeks to transform the country into an inclusively wealthy and self-reliant, industrialized 'upper-middle-income country by the year 2063. More specifically, the SAPP-II project aligns with Pillar I of MW2063, namely, Agriculture Productivity and Commercialisation. As per the Government of Malawi aspirations and vision, increasing rural agriculture productivity and commercialisation will produce healthy and nutritious food and

supply raw materials for industrial processing. Further, the project aligns with the National Agriculture Investment Plan (NAIP, 2017/18-2022/23), a framework to guide investments for Malawi's agriculture sector development. The project's focus on improving food and nutrition security is aligned to national food systems action plan in support of the Malawi 2063 and the 2021-2026 National Livestock Development Policy meant to achieve growth in livestock production, productivity, improved nutritional security, marketing and reduced inputs.

106. The food and nutrition challenges and gaps in Malawi have since worsened in recent years, largely, due to climate change and high food prices occasioned by the Russian war on Ukraine. The Malawi Scaling Up Nutrition (SUN) 3.0. Strategy, underpins the promotion of nutrition-sensitive food and agriculture-based approaches that include production of diversified foods and dietary diversification, under SAPP II. In line with the National Gender Policy [\[12\]](#) SAPP II takes a holistic approach to address gender inequalities, reduce poverty among women and other vulnerable groups through economic empowerment, and promote women's participation and decision making.
107. With the country's significant and increasing vulnerability to climate change and extreme weather events (including floods, cyclones and droughts), SAPP II aligns with the National Resilience Strategy (NRS), 2018-2030. The climate change investments under the project will support the country's climate adaptation goals, defined in the 2016 National Climate Change Management Policy, and Malawi's Nationally Determined Contributions (NDC) for mitigation and adaptation for the period 2015 to 2040. This will ensure the country continues to make significant strides towards addressing climate change related challenges, through the development of Nationally Appropriate Mitigation Actions (NAMAs), National Climate Change Response Framework (NCCRF) and National Adaptation Plans (NAPs).
108. Further, the project will contribute to IFAD Country Strategic Opportunities Programme (COSOP 2023–2030) Strategic Objectives: SO1- Improved food and nutrition security, to be achieved through the increased agricultural productivity and climate-resilience of smallholder farmers, and SO2- Improved access to remunerative agricultural markets and services, notably for rural women and youth. Implementation by the Project Implementation Unit (PIU) under the Ministry of Agriculture (MoA) will promote synergies and complementarities with other initiatives in the agricultural sector. Integration of SAPP implementation into central and decentralized Government structures will strengthen the overall sustainability. Capacity building of community groups and cooperatives under SAPP II and engagement of private sector players, catalyzes a network of service providers for the rural poor, which will enable their participation in market-oriented commercialized agriculture
109. Effective programme implementation will require the mobilization and involvement of different government, private sector and effective participation of targeted households, accompanied by defined roles and responsibilities at all levels. Provided below are foreseen partnerships under SAPP II:
110. *Services Providers:* including Technical Assistance: SAPP II will mobilize and outsource key services related to Commercialisation Under Outcome 2 of the Project Framework. Participating service providers will provide support in market systems facilitation, capacity building and strengthening of farmer organisations and producer associations, support groups to develop and implement business plans, brokering partnerships and relationships with aggregators and off takers amongst other potential roles.
111. *Hello Tractor:* SAPP II will explore partnerships with Hello Tractor, a private sector entity involved in asset leasing and sale of tillage implements that are suited for the smallholder farmers. Through the FCF, there are considerations for a pilot with Hello Tractor, which will see farmer organisations buying mechanization implements from the private sector actor. Hello Tractor also supplies farm inputs (including improved seed varieties and fertilizers), to the last mile.
112. *Co-financing from the EU Transversal Programme:* SAPP II will receive co-financing from the EU-IFAD partnership, with foreseen investments towards key project outputs and activities, including support towards sustainable and resilient smallholder farming systems-with a focus on environmental sustainability of the production base (soil and water). It is foreseen that output 1.3 of SAPP II Project Description will be financed through this partnership.
113. *Ministry of Natural Resources and Climate Change and the Environmental Affairs Department (MNCCEAD)* The Ministry and the relevant department (EAD) will provide policy and technical guidance in implementation of all NRM related activities under SAPP II. This will also include joint monitoring visits where possible as well as coordination and alignment of approaches to adhere to national and internationally recognized best practices and monitor safeguards' implementation.
114. *Ministry of Trade and Industry* will provide policy guidance in producer groups /cooperatives development and strengthening as part of the agricultural commercialisation efforts.
115. *NRM service providers:* As per SAPP, these organisations will support the delivery of NRM activities through capacity-building and technical support to extension officers. The Ministry will procure services of competent NRM service providers as per procurement procedures.
116. *IFAD On-going Portfolio FARMSE, PRIDE and TRADE.* Farmer Challenge Fund component will have synergies with FARMSE approaches and draw lessons to maximize on efficiency of fund management as well as support to mainstream financial services to the beneficiaries. PRIDE is operational in one of SAPP II Districts, Dowa and the project will take advantage of the existing irrigation infrastructure to enhance production and productivity whilst supporting the farming households and individuals to commercialise. TRADE is operational in another SAPP II district, Lilongwe Rural, and there will be significant synergies for value chain development.
117. *African Development Bank.* IFAD and AfDB are negotiating on possible co-financing model, once an agreement is reached, then SAPP II will facilitate earmarked activities as per the agreement and in the targeted district(s).
118. *World Bank.* Significant synergy opportunities are between SAPP II and the World Bank-financed USD 295 million Malawi Food

Systems Resilience Project (MFSRP), a successor project of AGCOM project. MFSRP will analyse and select priority value chains prior to SAPP II start up, and identify implementing stakeholders from among larger and more commercialized farmer cooperatives and agribusiness enterprises. These value chain activities will inform SAPP II value chain assessments and targeting during project year one.

119. World Bank funded *Malawi Food Systems Resilience Project (MFSRP)* will also have a component on last mile infrastructure to connect value chain stakeholders to markets and other services, which will be an opportunity for SAPP II target groups in overlapping geographic areas. Based on this further review and analysis, SAPP II will assess gaps and opportunities for inclusion of other relevant value chains that could be of interest. Also, with WB there will be synergies and with Malawi Watershed Services Improvement Project (MWASIP) on NRM which forms Village Natural Resource Management Committees.
120. *Food and Agriculture Organization of the United Nations*. Collaboration foreseen in the implementation of FAO's EU-financed Project of EUR 40 million and especially its Commercialisation of the Agriculture Component. FAO Farmer Field School methodology developed under KULIMA project, including potential sharing of Master Trainers and community based facilitators will be harnessed.
121. *World Food Programme (WFP)* lessons and approaches regarding micro-insurance will inform the piloting of the micro-insurance policy efforts under SAPP II and possible integration of bundled micro-insurance into agriculture input materials provided through local agro dealers to targeted areas. FARMSE will provide financial support for piloting of micro-insurance in SAPP II targeted areas.
122. *Private sector Actors*. Aggregators and off-takers, agro-dealers, financial institutions and agricultural input suppliers will play a key role in ensuring farmers, groups and producer associations have access to inputs, markets and other business development services (including extension support), enabling them to produce for the market.
123. *The Lilongwe University of Agriculture and Natural Resources (LUANAR)* will provide support for livestock improvement, genetics and community-based livestock breeds improvement, with a focus on small stock and ruminants, including goats and poultry. The institution may also support the monitoring of natural resources conservation, restoration and management as part of curricula. LUANAR will be engaged to provide youth incubation service by offering tailor-made agriculture entrepreneurship capacity building (lessons from AIYAP with support from AfDB).
124. *Red Cross*. SAPP II's component on institution building for disaster risk management will build on lessons learnt from Red Cross' implementation of Disaster Risk Management Plans and delivery of Early Warning Systems.
125. *Global Centre on Adaptation* will support SAPP II with studies on potential ICT solutions for climate-smart agriculture, specifically focusing on extension services and weather/climate information.
126. *Malawi Forum for Agricultural Advisory Services (MAFAAS)*. SAPP II will explore synergies with the extension services support provided under MAFAAS to replicate approaches, particularly capacity-building of extension workers and digitalization.

G. Costs, benefits and financing

a. Project costs

127. SAPP II Costs including price and physical contingencies, taxes and duties over a 7-year implementation period are estimated at US\$53.3 million. This includes base costs of US\$50.2 million and estimated price and physical contingencies of US\$3.04 million. The overall investment costs have been estimated at US\$50.2 million (94 percent of total costs) with recurrent costs at US\$3.08 million (6 percent of total costs).
128. Out of the overall project costs, component 2; Commercialisation of Smallholder Farming Systems Promoted has been allocated the biggest percentage of 59 percent, equivalent to US\$31.2 million. Component 1; increased Smallholder Productivity and Climate Resilience accounts for 26 percent equivalent to US\$14 million, while component 3; was allocated 8 per cent which is equivalent to US\$4 million. Lastly Project Management Costs accounts for 8 percent equivalent to US\$4 million. This is summarised in the tables below. Across all components' costs, climate finance is expected to amount to USD 7.43 million.

Table 3: Project costs by component (and sub-components) and financier
(Thousands of United States dollars)

Malawi
 Sustainable Agricultural Production Programme - SAPP II
 Components by Financiers
 (US\$'000)

	IFAD Grant	The Government	EU	Financing Gap	Pass-On PROG			Total	For.	Local							
					Amount	%	Amount	%	Ben & PS	Co-Financing	Total	For. (Excl. Taxes)	Duties & Taxes				
A. Increased Smallholder Productivity and Climate Resilience																	
Inclusive Value Chain and Market Analysis Conducted	346	84	68	17	-	-	-	-	-	-	415	1	41	305	68		
Enhanced Capacity for Climate-Smart and Nutrition-Sensitive Production Systems	3,754	38	1,130	11	1,366	20	-	-	3,041	31	9,892	19	975	7,796	1,130		
Sustainable Management of Productive Resources (Soil, Land and Water)	965	26	610	17	634	17	1,490	40	-	-	3,699	7	368	2,721	610		
Subtotal	5,065	36	1,809	13	2,800	19	1,490	11	-	3,041	22	14,005	26	1,384	10,813	1,809	
B. Commercialisation of Smallholder Farming Systems Promoted																	
Strengthened Farmer Organizations	1,965	70	842	30	-	-	-	-	-	-	2,807	5	277	2,066	463		
Market Linkages Promoted Based on Opportunities to Unlock Value	2,790	70	1,198	30	-	-	-	-	-	-	3,985	8	393	2,935	658		
Village Challenge Fund (VCF)	1,016	4	3,321	14	-	-	14,122	58	6,000	25	-	24,458	46	2,405	22,053	-	
Subtotal	5,770	19	5,358	17	-	-	14,122	45	6,000	19	-	31,250	59	3,075	27,055	1,121	
C. Strengthened Institutional Capacity and Knowledge Management Systems																	
Capacity of Staff and Partner Institutions Strengthened for SAPP II Coordination, Communication, KM and M&E	2,256	84	448	17	-	-	-	-	-	-	2,702	5	266	1,990	448		
Institution Building of Government Structures for Better Disaster Risk Management	1,084	84	214	17	-	-	-	-	-	-	1,298	2	128	955	214		
Subtotal	3,340	84	660	17	-	-	-	-	-	-	4,000	8	395	2,945	660		
D. Project Management Costs	3,907	98	173	4	-	-	-	-	-	-	4,080	8	99	3,817	165		
E. Crisis and Disaster Risk Reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total PROJECT COSTS	18,083	34	8,000	15	2,800	5	15,611	29	6,000	11	3,041	8	53,336	100	4,952	44,829	3,754

Table 4: Project costs by expenditure category and financier

(Thousands of United States dollars)

Malawi
 Sustainable Agricultural Production Programme - SAPP II

Expenditure Accounts by Financiers
 (US\$'000)

	IFAD Grant	The Government	EU	Financing Gap	Pass-On PROG			Total	For.	Local							
					Amount	%	Amount	%	Ben & PS	Co-Financing	Total	For. (Excl. Taxes)	Duties & Taxes				
I. Investment Costs																	
A. Civil Works	381	73	134	27	-	-	-	-	-	-	495	1	49	365	82		
B. Consultancies	3,909	74	1,237	24	-	-	110	2	-	-	5,256	10	519	3,870	867		
C. Equipment and Materials	531	25	348	17	9	0	1,223	58	-	-	2,111	4	210	1,553	348		
D. Goods, Services & Inputs	3,471	62	920	17	1,187	21	-	-	-	-	5,578	11	551	4,106	920		
E. Training and Workshops	5,712	61	2,040	22	1,404	15	157	2	-	-	9,314	18	919	6,858	1,537		
F. Grants and Subsidies	1,016	4	3,321	12	-	-	14,122	51	6,000	22	3,041	11	27,499	52	2,704	24,795	-
Total Investment Costs	15,000	30	8,000	16	2,600	5	15,611	31	6,000	12	3,041	8	50,253	94	4,952	41,547	3,754
II. Recurrent Costs																	
A. Salaries and Allowances	2,688	100	-	-	-	-	-	-	-	-	2,688	5	-	2,688	-		
B. Operating Costs	394	100	-	-	-	-	-	-	-	-	394	1	-	394	-		
Total Recurrent Costs	3,083	100	-	-	-	-	-	-	-	-	3,083	6	-	3,083	-		
Total PROJECT COSTS	18,083	34	8,000	15	2,600	5	15,611	29	6,000	11	3,041	8	53,336	100	4,952	44,829	3,754

129. SAPP II has been designed with a financing gap of US\$ 15.6 million which is expected to be filled through partnerships from bilateral partners (EU), and possibly IFAD13 allocation for Malawi should it be confirmed. The ICO is also in advanced discussions with the Ministry of Finance on the potential reallocation of resources under FARMSE to establish a de-risking instrument to leverage funding from Banks, which would be programmed as additional financial support towards SAPP II. These discussions are expected to culminate into the establishment of a revolving fund to finance agriculture production interventions, including under SAPP II. In addition, the ICO has received a No Objection from the National Designated Authority to develop a proposal for US\$ 10 million from the Adaptation Fund as co-financing for SAPP II.

Table 5: Project costs by component and year

(Thousands of United States dollars)

Project Components by Year -- Totals Including Contingencies
 (US\$'000)

	Totals Including Contingencies									
	2024	2025	2026	2027	2028	2029	2030	Total	2024	2025
A. Increased Smallholder Productivity and Climate Resilience										
Inclusive Value Chain and Market Analysis Conducted	163	16	17	73	130	17	-	415	163	16
Enhanced Capacity for Climate-Smart and Nutrition-Sensitive Production Systems	319	1,622	2,209	2,658	2,332	687	65	9,892	319	1,622
Sustainable Management of Productive Resources (Soil, Land and Water)	989	2,116	430	81	82	-	-	3,699	989	2,116
Subtotal	1,470	3,754	2,656	2,812	2,544	704	65	14,005	1,470	3,754
B. Commercialisation of Smallholder Farming Systems Promoted										
Strengthened Farmer Organizations	723	411	442	386	417	292	136	2,807	723	411
Market Linkages Promoted Based on Opportunities to Unlock Value	471	585	646	628	634	640	381	3,985	471	585
Village Challenge Fund (VCF)	-	2,536	4,096	6,512	6,574	4,740	-	24,458	-	2,536
Subtotal	1,194	3,532	5,183	7,526	7,625	5,672	517	31,250	1,194	3,532
C. Strengthened Institutional Capacity and Knowledge Management Systems										
Capacity of Staff and Partner Institutions Strengthened for SAPP II Coordination, Communication, KM and M&E an	609	275	233	363	558	336	328	2,702	609	275
Institution Building of Government Structures for Better Disaster Risk Management	326	323	133	268	135	114	-	1,298	326	323
Subtotal	935	598	366	631	693	450	328	4,000	935	598
D. Project Management Costs	1,098	485	490	495	499	504	509	4,080	1,098	485
Total PROJECT COSTS	4,697	8,368	8,694	11,464	11,362	7,331	1,419	53,336	4,697	8,368

130. SAPP II will be financed as follows: IFAD grant which includes a PBAS allocation is projected at US\$18.08 million (34 percent of the total project costs). The financing will be throughout the project implementation period. Domestic co-financing from the GoM has been estimated at US\$8 million (15 percent of the total project costs). This will be financed in form of in-kind contribution (taxes and duties). There is also domestic co-financing of US\$3 million from the pass-on 'revolving' scheme of SAPP project which will continue to revolve under SAPP II. Co-financing from European Union (EU) under the "Investing in sustainable and resilient agriculture and food systems – bridging crisis response and long-term resilience in ACP countries" initiative - has been estimated at US\$2.6 million (5 percent of the total project costs).

131. The project has been designed with a financing gap of US\$ 15.6 million (29 percent of the total project costs) – mostly under the Farmer Challenge Fund, which is expected to be filled through partnerships from Adaptation Fund, bilateral partners (EU), and the IFAD 13 allocation for Malawi should it be confirmed. Such a strategy will entail a modular approach which will not compromise implementation pending finalization of the co-financing arrangements. IFAD has received a No Objection from the National Designated Authority to prepare a proposal for USD 10 million under the Adaptation Fund, which partially cover the SAPP Financing Gap. The ICO is also in advanced discussions with the Ministry of Finance on the potential reallocation of resources under FARMSE to establish a de-risking instrument to leverage funding from Banks, which would be programmed as additional financial support towards SAPP II. The remaining US\$ 6 million is the estimated in-kind contribution of the beneficiaries and private sector covering 11 percent of the total costs. The summary of the financing plan is presented below.

Table 6: Project costs – Financing plan

(Thousands of United States dollars)

Malawi

Sustainable Agricultural Production Programme - SAPP II

Financing Plan

(US\$ '000)

	Foreign	Local	Total	Percent
IFAD Grant	1,879	16,204	18,083	34
The Government		7,999	8,000	15
EU	307	2,293	2,600	5
Financing Gap	1,784	13,828	15,611	29
Ben & PS	683	5,317	6,000	11
Pass-On PROG Co-Financing	299	2,742	3,041	6
Total	4,952	48,384	53,336	100

c. Disbursement

132. SAPPII disbursement procedures will be based on quarter Interim Financial Report -IFR and submission of W/As in ICP. This process entails: i) applying for revolving fund advance request funded on two quarter cash flow plan aligned to approved AWPB offset by the balance in the designated account; ii) submitting justification of the quarter actual expenses.

133. Flow of funds: The Ministry of Agriculture will open a designated account in USD within the Reserve Bank of Malawi separately for IFAD, and each other counterpart financier to avoid comingling of fund. The Project shall open an operational account in MK for each instrument in a commercial bank. IFAD and other financiers' funds will flow from their respective accounts to directly to their respective SAPP II designated accounts on quarterly revolving fund request. All districts shall open operational accounts each to receive budgeted funds from PMU accounts. The current monthly financial reports to account for fund used and for expenses consolidation with PMU TOMPRO system within SAPP shall continue with more tied control. All beneficiaries for Farmer Challenge Fund-FCF shall each open a group account and personal business account for off-takers within a commercial bank. The allocated funds will flow from PMU operation account to each district account then to each beneficiary's personal account. The FCF fund will follow IFAD impress disbursement method between the farmer group and PMU where authorised allocation advance based on a budget will be disbursed upfront and continuously and constantly replenished upon accounting for at least 60% spent. The FCF disbursement will be subjected to frequent verifications during IFAD missions, internal audit and annual external audit. The PMU should also maintain a separate local currency account to receive Government cash disbursement. A fund-flow chart is included in the Project Implementation Manual.

d. Summary of benefits and economic analysis

134. The Economic and Financial Analysis (EFA) has been anchored on the project development objective which is "To commercialise and enhance the resilience[13] and productivity of smallholder farming systems of rural men, women and youth in selected districts of Malawi by 2030". Therefore, the models that have been developed for this EFA have both the productivity metrics such as increase yields, reduction in post-harvest losses but unlike in SAPP, there is now emphasis on commercialisation. Commercialisation investments to be made by SAPP II have been reflected in the EFA models in the form of increase in premium prices paid to farmers. Innovations like linking farmers to markets can fetch premium prices for the producer groups and their households.

135. Beneficiary outreach, cost per beneficiary and adoption rates: The direct target household (HH) beneficiaries for SAPP II for the selected target areas are projected at 169,448 (HH) translating into 847,240 household members assuming 5 people per HH. This includes 80,000 HHs receiving direct project services under agricultural production, 10,728 HHs and 78,720 HHs accessing goats & chickens through pass-on programme respectively. Adoption rate for HHs receiving direct project services under agricultural production is assumed at 49% which corresponds to about 39,000HHs. No adoption rate has been applied to HHs under the pass-on programme. The total number of households adopting the proposed investment is, therefore, 128,448HHs. The summary is presented in the table below.

Household Phasing - Crop production	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Beneficiaries under Agricultural Production	80,000	6,400	12,651	12,988	17,271	17,227	11,354	2,110		
Cumulative Number of Beneficiaries		6,400	19,051	32,039	49,310	66,536	77,890	80,000		
Adoption Rate	49%									
Beneficiary Aggregation										
Beneficiaries in Y1	3,120	6,168	6,331	8,419	8,398	5,535	1,028			
Beneficiaries in Y2	3,120	6,168	6,331	8,419	8,398	5,535	1,028			
Beneficiaries in Y3		3,120	6,168	6,331	8,419	8,398	5,535	1,028		
Beneficiaries in Y4			3,120	6,168	6,331	8,419	8,398	5,535	1,028	
Beneficiaries in Y5				3,120	6,168	6,331	8,419	8,398	5,535	
Beneficiaries in Y6					3,120	6,168	6,331	8,419	8,398	
Beneficiaries in Y7						3,120	6,168	6,331	8,419	
Beneficiaries in Y8							3,120	6,168	6,331	
Beneficiaries in Y9								3,120	6,168	
Beneficiaries in Y10									3,120	
Total Beneficiaries	3,120	9,288	15,619	24,038	32,437	37,972	39,000	39,000	39,000	39,000
Beneficiaries under Goats Pass-on	858	1,697	1,742	2,316	2,310	1,523	283			10,728
Beneficiaries under Chicken Pass-on	6,298	12,449	12,780	16,994	16,951	11,172	2,076			78,720
Total project beneficiaries	10,276	20,313	20,853	27,730	27,659	18,230	3,387			128,448

136. Cost per beneficiary: The cost per beneficiary has been derived from total project costs divided by the target number of HH. The overall costs for SAPP II have been estimated at US\$54 million and beneficiary households at 169,448. The cost per beneficiary HH is therefore computed at US\$313 and US\$63 for each household member assuming 5 people per HH. The analysis is presented in a summary table below.

PROGRAMME COSTS AND INDICATORS FOR LOGFRAME				
TOTAL PROGRAMME COSTS (in million USD)				
Beneficiaries	847,240	people	53.0	Million
Cost per beneficiary	63	USD x person	169,448	Households
Components and Cost (USD million)				
A. Increased Smallholder Productivity and Climate Resilience	13.1	Average increase in income per HH per year		
B. Commercialisation of smallholder farming systems promoted	31.3	Premium prices paid to farmers		
C. Strengthened institutional capacity and knowledge	4.0			
D. Project Management Costs	4.7			
Total	53.0			

137. Summary of Financial Analysis: The following indicative value chains have been lined-up for this SAPP II EFA. They include: Maize, Groundnuts, Pigeon peas, Cowpeas, Soya bean, and tomatoes (representing investment in horticulture commercialization). Goats and chickens represent the pass-on program. The Ground nuts processing represent off-farm small/medium enterprise. It is emphasised that this is only indicative; the value chains that will actually be selected will require passing a certain criterion first. All models show an increase in financial returns (per hectare) resulting from the implementation of the proposed project intervention. Increased yields and premium prices will be the key drivers for increasing cash-flows. In the with-project (WP) scenario, it is assumed that yields and prices will increase, thanks to the project, compared to the baseline (without project). The financial analysis demonstrates that all project scenario models are profitable from a farmer perspective illustrating the financial effectiveness of project investments aimed at supporting innovation adoption. The summary results are presented in the table below, which includes financial internal rate of return and net present value, benefits/cost ratio and return to family labour. The detailed information is presented in the excel file attached to this annex.

Project Year	Farm models' net incremental benefits (In KW'000)								
	Maize	Groundnuts	Pigeon Peas	Cowpeas	Soyabean	Goats	Local Chicken	Tomatoes	Ground nuts Processing
PY1	(59)	(160)	(8)	(217)	(269)	(117)	22	-	901
	574	638	303	(62)	(57)	4	136	(231)	488
	1,085	1,073	466	113	120	0	82	352	653
	1,680	1,319	801	249	277	3	135	773	1,177
	1,680	1,319	801	249	277	17	180	773	1,177
	1,680	1,319	801	249	277	40	215	773	1,177
	1,680	1,319	801	249	277	33	240	773	1,177
	1,680	1,319	801	249	277	51	285	773	1,177
	1,680	1,319	801	249	277	55	320	773	1,177
	1,680	1,319	801	249	277	33	355	773	1,177
IRR		1056%	453%	3706%	50%	47%	11%		40%
NPV (Kw 000) @10%		10,614	8,593	5,062	1,192	1,308	66	1,542	3,447
B/C Ratio		2.47	2.26	5.14	1.04	1.23	1.16	4.13	1.35
Return to Family Labour (Kw '000)		36.5	43.3	76.0	2.4	5.6	7.2	12.1	10.1

138. As can be seen above, all models present positive financial viability in terms of measurement using benefits cost ratio, financial internal rate of return (FIRR) and net present value (NPV) discounted for 10 years using a rate of 3.6 percent (data source: BUSINESSMALAWI.COM)[\[14\]](#)

139. **Economic analysis:** The overall project costs and benefits stream-flow are presented in this section. SAPP II is projected to yield a baseline Economic Rate of return of 23 percent with a positive Net Present Value of US\$11.9 million (MWK 12.3 billion). All quantifiable benefits have been discounted over a period of 20 years including 7 years of project implementation period using a rate of 17 percent which is the current lending rate of Reserve Bank of Malawi (RMB) to commercial banks (data source: CEIC data[\[15\]](#)). The baseline ERR of 23 per cent is higher than the discount rate used for economic analysis which confirms the justification of the proposed project investment. The benefits/cost ratio for the whole investment is estimated at 5.7. The overall project economic analysis is summarised in the table below:

Project year	Project Incremental Economic Benefits			Incremental Fam Benefits (MWK million)	Economic Project Costs (MWK million)			Cash-flow
	Farm Benefits	Pass-on benefits (Goats)	Pass-on benefits (Chicken)		Investment Costs	Recurrent Costs	Total Economic Costs	
PY1	(1,547)	(62)	(222)	(1,831)	3,476	522	3,998	(5,829)
PY2	(2,653)	(55)	348	(2,360)	7,381	522	7,903	(10,263)
PY3	(1,458)	(27)	479	(1,006)	7,591	522	8,113	(9,120)
PY4	(148)	(18)	548	382	10,267	522	10,789	(10,407)
PY5	3,072	9	676	3,757	10,240	522	10,762	(7,004)
PY6	8,047	54	743	8,844	6,571	522	7,093	1,751
PY7	15,315	116	701	16,132	796	522	1,318	14,814
PY8	16,908	208	782	17,898		104	104	17,793
PY9	18,098	377	843	19,318		104	104	19,213
PY10	19,719	604	945	21,268		104	104	21,164
PY11	19,719	604	945	21,268		104	104	21,164
PY12	19,719	604	945	21,268		104	104	21,164
PY13	19,719	604	945	21,268		104	104	21,164
PY14	19,719	604	945	21,268		104	104	21,164
PY15	19,719	604	945	21,268		104	104	21,164
PY16	19,719	604	945	21,268		104	104	21,164
PY17	19,719	604	945	21,268		104	104	21,164
PY18	19,719	604	945	21,268		104	104	21,164
PY19	19,719	604	945	21,268		104	104	21,164
PY20	19,719	604	945	21,268		104	104	21,164
NPV@ 13% (KW million)								12,393
NPV@ 13% ('millionUSD)								11.92
EIRR								23%
BCR				295,082			51,332	5.7

140. **Sensitivity analysis, Risks and Assumptions:** To test the robustness of the overall project analysis, a sensitivity analysis has been carried out to measure variations due to unforeseen factors and relevant risks presented in the integrated project risk matrix (IPRM). The sensitivity analysis has also been carried out around the financing gap that has been designed with the project.

141. A change in project benefits by 20 per cent increase in costs and decrease in benefits using the same proportion yields an ERR

of 20 per cent and 19 per cent with a positive NPV of US\$6.5 million and US\$4.1 million respectively. An increase in project benefits by either 10 per cent & 20 per cent yields a higher of 24 per cent & 26 per cent respectively both with positive NPV. A delay in project benefits by 1 & 2 years still yields positive results as it yields 20 per cent and 17 per cent both posting positive net present values. If the project financing gap is not covered by the potential funders, the project benefits will reduce to an ERR of 19 per cent with NPV of US\$3.8 million. Results of the sensitivity analysis indicate that the project remains economically viable under the various assumptions considered. The summary of the sensitivity analysis linked to the IPRM is presented in the table below.

Sensitivity analysis matrix		%	IRR	NPV (US\$) Million	Link between EFA and IPRM
Base Scenario		23%		11.92	
Decrease of Project benefits	-10%	21%	8.03		Climate related hazards in the Country such as Cyclone Idai and Freddy. The Country will soon be moving into political campaigns thus a potential delay of project implementation and decrease of the anticipated due to benefits delay. The uncertainty of the selected value chains.
	-20%	19%	4.14		
	-30%	17%	0.25		
Cost Increase	10%	21%	9.22		The double digits raising rate of inflation which is anticipated during design is a potential cause of costs increase for inputs.
	20%	20%	6.52		
	50%	17%	-0.93		
Delay of benefits	1 Year	20%	5.46		Delay in project implementation due to the time required to train and orient new project technical committee, steering committee and setting up of new Governance structures. The Country will soon be moving into political campaigns thus a potential delay of project implementation.
	2 Years	17%	-0.04		
Increase of benefits	10%	24%	15.81		High adoption rate compared to the EFA assumption as a result of high uptake of project interventions
	20%	26%	19.69		
If Financing Gap is not covered		19%		3.80	Lack of potential funders to fill the gap

e. Exit Strategy and Sustainability

142. **Institutional:** The project focus on building institutional capacity, training and support to GoM institutions and Departments, both at national and sub-national levels will enhance the capacity of key line Ministries, including Ministry of Agriculture, to not only deliver on SAPP Implementation, but also be in a position to scale up SAPP successes and outcomes beyond SAPP geographic coverage in future. The capacity building of Ministry of Agriculture service providers, beneficiaries and their institutions will contribute to sustaining project achievements after closure. Further, the project was designed with full participation of relevant Government institutions, Ministries and Departments, ensuring relevance to their priorities. In this regard, SAPP II design aligns with national policies, sector strategies and the overarching MW2063 and this will ensure strong Government of Malawi ownership and commitment during implementation period and beyond.
143. **Environmental:** The project focus on promotion of Good Agricultural Practices (GAPs), environmental protection and support towards the productive natural base, will ensure environmental sustainability of the outcomes. Promotion of environmentally sustainable practices will help to ensure environmental degradation and climate vulnerability do not erode project benefits over time. Close private sector participation will also ensure sustainable access to inputs, extension, financial services and markets
144. **Financial:** Commercialisation and strong focus on private sector participation will ensure sustainable access to inputs, production and productivity technologies and private sector driven-extension support services beyond the project life span. Through value chain interventions, including climate-smart technologies, beneficiaries will be supported to increase production, productivity, marketed surplus and to establish lasting relationships with private sector and market intermediaries.
145. **Integration of production systems with markets** as well as market linkages, access to rural financing (including matching grants through the FCF that will lead to the establishment of a revolving Fund, will entail financial sustainability beyond SAPP II. Further, the economic benefits/improved livelihoods for the target group will serve as an incentive for them to sustain the project successful interventions.

Scale Up and Exit Strategy

146. Scaling up strategy under SAPP II integrates geographical, functional and partnerships dimensions, building on the SAPP first phase implementation results, with a focus on pro-poor commercialization of farming systems building on agricultural best practices grounded on SAPP first phase results. Geographical scaling up manifests through the integration of new districts under SAPP II i.e. Mzimba and Dowa – high production districts in terms of agriculture development, and through expansion into new Extension Planning Areas (EPA's), beyond the previous EPAs covered in SAPP districts. The functional scaling up focuses on the promotion of Good Agriculture Practices (GAPS) which yielded positive results in terms of increase in yield and productivity under SAPP. SAPP Technology Report (2023) highlights the key agriculture production technologies developed under SAPP including ten legume varieties (three bean, three soybean, three pigeon-pea and one cowpeas), agronomic techniques and five NPK fertilizer blends which were approved by the Agricultural Technology Clearing Committee (ATCC). These technologies will be scaled up under SAPP II, under component 1, and a part of the demonstration activities through the lead farmers.
147. In terms of partnerships for scaling up, SAPP II expands the project partnership base i.e. integration of EU-ILSA interventions which will take to scale organic fertilizer production and distribution, building on the SAPP experience where 70% of the targeted households reported an improvement in fertility and reduction in use of inorganic fertilizer for similar or higher crop yield, as well as by integrating Adaptation Fund co-financing to the SAPP II implementation, for which the Government of Malawi has provided a No-Objection. The foreseen Adaptation Fund co-financing will enable scaling up of the Village Challenge Fund Pilot which with 1 mil USD budget reached 510 farmer groups under SAPP and demonstrated significant additional demand. SAPP II will scale the Challenge Fund approach to a total expected 10 mil USD of implementation and technically improve the modalities including i) differentiating the matching component by the beneficiaries to include cash and in-kind, ii) integrating climate, gender & nutrition aspects in the eligibility criteria and iii) ensuring effective management through a competent fund manager.
148. On the Exit Strategy, SAPP II's focus on commercialisation will create win-win relationships between the smallholder farmer organisations and market actors, including off-takers, financial institutions and stakeholders. SAPP II assumes that target groups will be linked to markets, and the focus on commercial and business relationships with local private actors in the country, for input supply, sale, access to finance, or training and access to extension services and other business development services (BDS), will ensure sustainability and a solid exit strategy.
149. In addition, and as already mentioned, the design of SAPP II coincides with the initiation of dialogue between IFAD and the Government of Malawi on the need to restructure the portfolio with a focus on sustainable financing. Preliminary discussions suggest an emerging focus on i) revolving funds, ii) blended financing (grant and concessional), iii) de-risking facilities (guarantees). Hence, partnerships with financial institutions leveraging FCF relationships, coupled with potential investments in de-risking are expected to enhance sustainable access to financial services.

3. Risks

H. Project risks and mitigation measures

150. **Project management:** The project's staff capacity will be strengthened through additional staff at the PMU. To avoid staff attrition and other interruptions, the project's staff will be appropriately motivated through good HR policies, including competitive remuneration. Capacity will also be strengthened by supporting means of adequate mobility at both national and district levels.
151. **Procurement Management:** Following the in-depth procurement risk assessment conducted on both the Malawi public procurement system and on the capacity of the implementing agency the inherent risk rating of the public procurement legal, regulatory and policy framework (PRM Part A) is rated as moderate and the inherent risk rating for the project level (PRM Part B) is deemed to be low. PRM Part A and PRM Part B are included in Annex 10, Appendix 1 and 2 respectively. Measures for mitigation of project procurement risks will include: (i) Using IFAD template of procurement plan to monitor and update regularly implementation progress of the procurement plan with both "plan" and "actual" data; (ii) Request bidders, contractors/ service providers/ suppliers signing Self Certification Form on anticorruption, sexual harassment, sexual exploitation and abuse, anti-Money laundering and countering the financing of terrorism policy as a part of bids/ proposals and contract documents; (iii) Conduct prior and ex-post reviews, annual audits to strengthen enforcement of the debarment system; (iv) Carry out coaching, on-the-job trainings and refresher trainings for project procurement staff on IFAD project procurement guidelines, procurement planning, contract management, SECAP procedures and on the use of the OPEN system and CMT; (v) Develop a project procurement manual with detailed guidelines on selection of procurement methods in compliance with IFAD project procurement guidelines, the Financing Agreement and the Procurement Arrangements Letter.
152. **Environment and Climate:** The project's preliminary Environment and Social category is rated as moderate. The majority of the anticipated effects will be mitigated by prevention and mitigation plans. The detailed climate risk analysis revealed significant climate change impacts in the country. As a result, an Environmental, Social, and Climate Management Plan (ESCMP) has been created and will be further used as a monitoring plan to avoid negative environmental impacts. The ESCMP matrix will be included in the project's implementation manual and integrated into the project design report.
153. **Financial Management:** Country Context Inherent Risk remains substantial. IFAD's Project Portfolio FM Inherent Risk is Substantial. All four ongoing projects are rated moderately satisfactory for the Quality of FM. The main areas of FM risks are: (i) Use of IFAD funds to pre-finance counterpart contributions for duties and taxes possibly leading to ineligibility; (ii) Use of inefficient financial reporting systems; (iii) Late submission of withdrawal applications to IFAD; (iv) Slow implementation of project activities due to delayed disbursements. Other FM risks identified in SAPP include: (i) asset management not being well documented in the PIM, and lack of detail in asset registers; (ii) lack of consistent bank reconciliation in some districts; (iii) a consistent valuation methodology is needed for in-kind contributions. Prompt disbursement of funds by IFAD is also important to maintain a healthy absorption rate.
154. Mitigation measures for project's FM risks include:- IFAD will demand adequate and timely provisions of counterpart provisions during project negotiations to mitigate on use of IFAD funds to pre-finance counterpart contributions; a new version of Tompro Accounting System will be installed for use by SAPP II; there will be start-up capacity building workshop where the project will be sensitized on IFAD financial management requirements including preparation of interim financial reports and processing of withdrawal applications in ICP to ensure there is timely disbursement of funds, valuation of in-kind contributions among others; the PIM include detailed documentation on assets management which will also be emphasized during start-up workshop; bank reconciliations and other requirements by districts will regularly be monitored by PMU. The residual risks are maintained as Substantial. A time-bound action plan is put in place to improve SAPP FM performance while waiting for SAPP II to start up.

I. Environment and Social category

155. As per SECAP assessments, the proposed environmental and social category for SAPP II is moderate. Given its geographical location and the limited scale of its intervention (no infrastructure), the project will have no impact on sensitive areas or result in the loss of natural habitat or biodiversity. SAPP II interventions will be limited to existing cultivated and fallow lands, and activities will not take place in areas prone to geophysical hazards, so the risk to agriculture, livestock, and small-scale infrastructure is considered minimal.
156. Potential environmental risks may arise from introduction of adapted crop varieties and tree seedlings leading to unintended pests and diseases, as well as potential unintended increase in the use of fertilizers and pesticides due to increased productivity. Priority will be given to sustainable management of productive resources (soil, land, and water) with activities supporting the promotion of Good Agricultural Practices (GAP), soil and water conservation, energy saving technologies, soil fertility improvement, conservation agriculture, and awareness on environmental conservation and management practices. The project will endeavor to replace chemical inputs with eco-friendly organic fertilizers and pesticides, and to promote integrated pest management.
157. Social risks may arise from unintended child labour, nutrition and negative gender impacts due to degradation of ecosystem services, increased production and reduced occupational safety and health. The project places a strong emphasis on social inclusion, with ambitious goals for the inclusion of women, youth. Inclusion of women, youth, and, where possible, people with disabilities in the development of value chains and strategic investment plans will facilitate their participation. The ESCMP matrix provides for elaborate mitigation and monitoring/surveillance measures to prevent/limit child labour, occupational health and safety as well as poor working conditions. The project is also promoting the GALs methodology at household level to encourage sharing of labour roles at farm and household levels, to reduce the burden on women and create awareness on GBV prevention.

J. Climate Risk classification

158. The project's climate risk category is substantial. The following are the main themes and steps taken to assess climate risks. A targeted adaptation assessment lays down specific adaptation actions to implement throughout the project:
159. According to the Think Hazard report, the project intervention area is prone to flooding, landslides, drought, cyclones, extreme heat, and wildfires. The CLEAR tool will be used to assess climate hazard hotspots, and decisions will be made on whether such areas should be avoided or appropriate adaptive measures should be integrated into project interventions. Similarly, climate scenarios forecast changes in temperature, variability, and the intensity and frequency of extreme events. The CLEAR tool will direct project intervention locations in light of the aforementioned climate change and its potential impacts on households and commodities.
160. **Evaluation of Exposure:** Crop and livestock production are frequently impacted by rainfall variability, extended droughts, cyclones, temperature changes, and pest and disease outbreaks. SAPP will promote the sustainable use of water. Efforts will be made to promote integrated pest management and environmentally friendly fertilizers, as well as the selection of climate resilient crops and infrastructure.
161. The only positive response to sensitivity screening questions is multidimensional poverty, which is greater than 0.1. SAPP II will support vulnerable households to participate in climate smart value chains in order to increase their incomes and standard of living.
162. **Adaptation capacity and climate resilience:** One of the project's primary goals is to increase resilience to climatic shocks and stress. The project's practical adjustments will be used to reduce losses and damages from climate change impacts on target beneficiaries, as well as to strengthen local climate adaptation capacities. The high vulnerability of the target beneficiaries to climate-related shocks, will pose a risk to the project achieving its objectives. Extreme weather events (droughts or floods), such as those experienced in 2015, 2016, 2022 and recently 2023, may disturb the expected development trajectory of the smallholder producers or negatively affect the rain fed agricultural production system. The climate risk category is thus assessed as Substantial.

4. Implementation

K. Organizational Framework

a. Project management and coordination

163. The Ministry of Finance and Economic Affairs (MFEA) will formally represent the GoM on matters of SAPP II as the recipient of the grant from IFAD, while the MoA will be the lead implementing agency, providing strategic policy guidance and oversight of SAPP II. The PS of the Ministry of Agriculture will be the Chairperson of the Programme Steering Committee (PSC), which will be established under SAPP II. Other members of the PSC will include Principal Secretaries for Ministries of Trade and Industry, Local Government, Unity and Culture; Gender, Child Protection and Social Welfare; Youth and Sports; Natural Resources and Climate Change; Health and the Chief Executive Officers for the Lilongwe University of Agriculture and Natural Resources (LUANAR); National Association of Smallholder Farmers in Malawi (NASFAM); Malawi Confederation of Chambers of Commerce and Industry (MCCCI); Farmers Union of Malawi (FUM), Malawi Bureau of Standards and Civil Society Agriculture Network (CISANET).
164. The PSC will be responsible for programme oversight whilst a Programme Technical Committee (PTC) will be established to provide technical support to both the PSC and the Programme Management Unit (PMU). The Director of Agricultural Planning Services will be the chair of the PTC. The members of the PTC will mirror the membership of the PSC and other technical Directors of the Ministry of Agriculture, including the Head of the National Agriculture Investment Programme (NAIP).
165. The day-to-day project implementation of SAPP II will be the responsibility of an independent PMU, established under the aegis of the Ministry of Agriculture. The staffing configuration will comprise a Programme Coordinator, M&E Officer, Assistant M&E Officer, Knowledge Management Officer, Programme Accountant and Assistant Programme Accountant, Gender, Nutrition and Social Inclusion Officer, Grants Management Officer, Environment and Climate Officer, Procurement Officer, Assistant Procurement Officer, Agribusiness Officer, Administrative Officer/Assistant, Messenger and four Drivers. Members of staff of the PMU will be appointed by GoM based on their satisfactory performance reports over the past two years as a minimum and overall suitability for the position determined by a job suitability assessment. Where suitable candidates have not been identified, GoM will recruit from the market.
166. Technical departments of MoA will closely interface with the PMU and support programme implementation by providing technical expertise in the relevant technical areas of the programme – including crop development and animal health & livestock development, agriculture extension & agribusiness, research, land resources conservation and natural resources management.
167. **Farmer Challenge Fund Management:** The FCF will be managed by a competent Fund Manager - financial institution, competitively recruited, with direct oversight on review of business plans submitted by groups, provision of technical assistance to the groups to ensure the business plans are bankable and implementable, performance monitoring of the group enterprises, promotion of best practices and knowledge management. The full TORs for the Fund Manager will be developed jointly by IFAD and Ministry of Agriculture, with the engagement of the Ministry of Finance, as part of the recruitment process. The Farmer Challenge Fund implementation manual will be developed and finalized in agreement with the Government of Malawi by mid-2025.
168. At the district level, the District Commissioners will provide programme implementation oversight through the office of the Director of Agriculture, Environment and Natural Resources, working closely with the Directors of Planning and Development. Programme Implementation will follow the existing Decentralized Agriculture Extension Service System (DAESS) including Departments of Gender, Youth and Community Development to reach out to the community. The role of the district councils will include the identification and mobilization of beneficiaries, provision of agricultural extension services, facilitating partnership arrangements for production, aggregation and marketing and M&E. The PMU will support the district councils to establish an implementation team to coordinate the implementation of programme activities. The Agricultural Development Divisions (ADDs) will provide oversight of the district councils in the implementation of SAPP II.
169. District level staff will undertake key community mobilization and empowerment to ensure ownership and sustainability of community initiatives. Activities will include (i) the selection of project areas which include socio-economic assessments and beneficiary identification in each EPA in close consultation with DAEC and Traditional Authorities and will use defined criteria to identify project areas and villages that will constitute the focal area of project implementation.

b. Financial Management, Procurement and Governance

170. SAPP II shall have current SAPP delegated finance staff from Ministry of Agriculture. The team has performed satisfactorily well in terms of financial management, accounting, disbursement, disbursement processes and procedures.
171. For enhanced efficiency, the staffing arrangement for SAPP II will comprise of the following finance staff: Programme Accountant, Assistant Programme Accountant and three accounts assistants' positions. SAPP II shall also recruit 4 Justification Assistants (1 per implementing district) to ensure efficient and effective financial management oversight and control at District level.
172. At the PMU level, the finance team will be responsible for usual financial responsibilities and roles the team has been playing in SAPP.
173. Programme budgeting will be undertaken by the SAPP II PMU in accordance with the existing IFAD procedures and Government financial laws and policies. The AWPB will be prepared with adequate details showing financiers and proportion of financing for each activity. The AWPB shall be prepared on time and submitted 6 weeks before the start of a new financial year. It shall be approved by the Programme Steering Committee and provided with a "no-objection" by IFAD before implementation.

174. SAPP II disbursement procedures will be based on quarterly Interim Financial Report -IFR and submission of W/As: justification and advance in ICP..
175. **The flow of funds:** SAPP II is a continuation of SAPP. Based on the disbursement conditions to be agreed upon during the negotiation, SAPP current phase may insure that the conditions are fulfilled prior to first disbursement. In case there is need for startup fund to fulfill disbursement conditions, an official request will be put up during negotiation. The Ministry of Agriculture will open a designated account in USD within the Reserve Bank of Malawi separately for IFAD, and each other counterpart financier to avoid comingling of funds. The Project shall open an operation account in MK for each instrument in a credible Commercial Bank acceptable to IFAD. IFAD and other financiers' funds will flow from their respective accounts directly to their respective SAPP II designated accounts on quarterly revolving fund requests. All participating ADDs and districts shall open operation accounts each to receive budgeted funds from PMU accounts. The current monthly financial reports to account for fund used and for expenses consolidation with PMU TOMPRO system within SAPP shall continue with more tied control. All beneficiaries for Farmer Challenge Fund (FCF) shall each open a group account and personal business account for off-takers within a commercial bank. The allocated funds will flow from PMU operation account to each ADD and district account then to each beneficiary's personal account. The FCF fund will follow IFAD impress disbursement method between the farmer group and PMU where authorised allocation advance based on a budget will be disbursed upfront and continuously and constantly replenished upon accounting for at least 60% spent. The FCF disbursement will be subjected to frequent verifications during IFAD missions, internal audit and annual external audit. The PMU should also maintain a separate local currency account to receive Government cash disbursement. A detailed fund-flow diagram is provided in the PIM.
176. SAPP II needs to strengthen the accounting system in place to ensure detailed and accurate expenses recording and system generating report preparation. IFR shall be automated and allow system generating of quarterly IFR.; The project shall migrate into TOMPRO accounting software (web version) which shall be configured with all key financial statements: balance sheet, income statement and cash flow statement and in addition with IFR template and designated account activity statement (an adjusted IFR of form 104), forms 102 and 106. The accounting and reporting process from ADDs and districts to the PMU for consolidation shall continue with the current SAPP arrangement and should be improved in the basis of efficiency and timeliness.
177. The SAPP II shall require counterpart funding. IFAD and Government shall work together to mobilise other partners to fill the financing gap including Government and beneficiaries' contributions that shall be in in-kind form. Government's contributions constitute tax exemptions on imports, and VAT on suppliers' invoices which is paid upfront on suppliers' invoices. Project's VAT claiming process is lengthy and ties up project funds. SAPP II shall include VAT in the IFAD design costs and considered as eligible expenditure throughout the life span of the project. SAPP has low government and beneficiaries' contributions due to lack of proper valuation in-kind contributions guideline in place. IFAD will work with the Government to identify best practice e.g. PROMER in Mozambique that has a best practice in-kind contribution guideline.
178. **Internal Audits:** SAPP II shall continue using the Ministry of Agriculture Internal Audit Department. SAPP II internal auditors shall focus more on the project deliverables with strong focus on FCF fund's utilization. The internal audit shall not overlook the internal control aspects. SAPP II shall dedicate adequate budget line in each year AWPB for internal audit to carry on with their bi-annual activities as the focus will be more on deliverables in the field within all participating districts.
179. **External Audit:** Over the life of SAPP, the annual external audits were carried out by the Auditor General with TOR approved by IFAD. The Malawi Auditor General is an independent State Audit Institution, with discretion to assign the National Audit Office or private audit firms to audit a particular project. SAPP II external audit shall be a hybrid audit process. The Auditor General will assign staff from National Audit Office together with private auditors, to carry out annual audit for greater efficiency.
180. Fraud and Corruption. The implementing entities are expected to adhere to the IFAD Anti-Corruption Guidelines as outlined under the IFAD policy and procedure. Possibility of circumventing the internal control system with colluding practices as bribes, abuse of administrative positions, mis-procurement etc., is a critical issue and may include: (a) late submission of supporting documents; (b) poor filing and records; (c) lack of system integration; (d) lack of budget discipline; (e) unauthorized commitment to suppliers, bypassing budget and expenses vetting procedures. From FM perspective, the measures for mitigating such risks include: (i) an annual external audit review of the project; (ii) FM Procedures (as part of Operations Manual) approved and in operation for the project (iii) strong FM arrangements (including qualified Project Accountants in the implementing entities, (iv) periodic IFRs including budget execution and monitoring; (v) regular internal audit reviews and (vi) follow up by the audit committee on external audit findings.

181. **The procurement of goods, works and services** will be carried out in accordance with the Malawi Public Procurement and Disposal of Public Assets Act, 2016 and the Public Procurement Regulations of 2020, with the addition that the national legal framework should comply with IFAD requirements to be specified in the Financing Agreement and the Procurement Arrangements Letter. The findings of the assessments of the national legal regulatory framework and the capacity of the implementing agency led to the conclusion that the public procurement system was adequate for the project procurement and informed the decision on the choice of procurement system.
182. **The Ministry of Agriculture (MoA) will be the implementing agency** for SAPP II. Project implementation capability assessment of the MoA reviewed the IA's organizational structure for implementing the project including the available capacity for delivering on the procurement activities. The resources and capacity of MoA are not entirely adequate to carry out the procurement activities for the project due to the current workload from other ongoing projects that MoA is managing. Consequently, a smooth and speedy implementation will require an additional procurement officer to be recruited/assigned to add up to the PMU management of the procurement process. Procurement for SAPP II will be centralized at the PMU level as the MoA does not have procurement structures at the district level. The Internal Procurement and Disposal Committee (IPDC) of the MoA shall ensure that the status of implementation of procurement activities for the project are well executed and monitored. The Director of Procurement of the Ministry sits in the Internal Procurement and Disposal Committee which shall approve all procurement actions of SAPP II. For all procurements, the final decision for each procurement stage will be made by IPDC and IFAD. If IFAD rejects the decision of IPDC, then decision of IPDC will be revised so as to take into account IFAD's comments.
183. The project shall prepare a procurement plan covering at least the first 18 months of the project, followed by successive 12-month plans. The procurement plan shall be subject to IFAD's "No Objection" and it shall be implemented in a manner that has been agreed between the recipient and IFAD. The Plan shall specify each contract to be financed by the Fund, the consultant selection methods, estimated costs, prior and post review requirements, and time frame. The Project Procurement Officer shall update the Procurement Plan annually or as needed throughout the duration of the project. All upgrades of the procurement plan shall be subject to IFAD's "No objection".
184. The PMU shall establish a contract management system that shall include: (i) management of contract start-up issues (ii) regularly updating and monitoring of contract implementation through the IFAD's contract monitoring tool (CMT); (iii) claims management; (iv) implementation of penalty clauses; (v) contract amendments; and (vi) contract completion and closure.
185. The procurement of goods, works and services shall be subject to IFAD's prior or post review to ensure that the procurement process is carried out in conformity with IFAD Project Procurement Guidelines and Financing agreement. The procurement plan will set out the actual review arrangement to apply to any specific contract.
186. As an additional risk mitigation measure and as per IFAD General Conditions, IFAD will undertake twice yearly supervision and implementation support missions to review project procurement implementation status and provide technical support and quality assurance of the assessment.

L. Planning, M&E, Learning, KM and Communication

a. Planning, M&E, Learning, Knowledge Management and Communication

187. **Planning:** Planning will be integrated in the GoM processes and will be based on Annual Work Plans and Budgets (AWPBs). The planning of activities should be done and agreed first at district level and proposals of related budget submitted to the PMU. The PMU consolidated AWPB will be submitted to IFAD for review and No Objection at least 60 days before the start of the Programme year. The fiscal year goes from April to March while budget preparation extends from January to March. Budget ceilings are issued between January and February before the budget goes to Parliament for approval in late March. Districts have until February to finalise their activities and budget based on disaggregated annual targets of selected output indicators from results framework.
188. **Monitoring and evaluation:** SAPP II M&E system will be guided by the National M&E Master Plan which outline the main framework for monitoring development policies and programmes in the country. MoA has an M&E system managed by the M&E Unit of the Department of Agricultural Planning Services. The Unit is tasked to monitor and evaluate all projects in MoA including those under the National Agricultural Investments Plan (NAIP).
189. The development of the AWPB and the reporting and monitoring system will be guided by the SAPP II log frame. Log frame indicators are aligned with the COSOP 2023-2030 Results framework indicators, the IFAD Core Indicator framework, as well as to the MW 2063 framework. Beyond the indicators that are in the Log Frame, SAPP II will collect data on a larger number of indicators listed in the Project's Results Framework.
190. M&E will be undertaken at different levels to support effective implementation, maintain the Programme's focus and direction, and provide information for addressing constraints and ensuring delivery of outputs.
191. The SAPP II M&E system will be built to allow disaggregated data by gender and age. All the core indicators will be measured at baseline, mid-line and at completion. The data collection approaches will combine qualitative and quantitative survey methods.
192. Data on outputs will be collected in a continuous basis and data on outcome and impact will be collected at baseline, mid-line and at completion, as well as during outcome surveys done annually after the mid-term. The M&E system of data collection should follow IFAD guidelines and definitions of the IFAD core indicators. Thematic studies will be conducted according to needs and feeding the KM system of SAPP II.

b. Innovation and scaling up

193. Several innovations will be promoted under SAPP II including: i) organic fertilizer production and distribution enabled by the EU-ILSA programme and building on the SAPP experience where 70% of the targeted households reported an improvement in fertility and reduction in use of inorganic fertilizer for similar or higher crop yield, ii) digitized & private sector led extension systems including in partnership with the GCA, iii) market-focused production within a context of subsistence farming system – and underpinning research and extension to the demand by the markets, iv) innovative micro-insurance in partnership with FARMSE, and v) engaging private sector like Helo Tractor to pilot smallholder-focused mechanized technologies – asset leasing - to boost agriculture production and productivity.
194. In addition, the SAPP Technology Report (2023) identifies 10 technologies and approaches developed through the research interventions that are ready for market and scale under SAPP II. These include ten legume varieties (three bean, three soybean, three pigeon pea and one cowpeas), one climate smart agriculture, three agronomic technologies and five NPK fertilizer blends as GAPS which were approved by the Agricultural Technology Clearing Committee (ATCC). These varieties will be scaled up under SAPP II, in support of increased agriculture production and productivity. Labor saving and high-yielding technologies developed under SAPP will also be scaled up, including for soil fertility.

M. Project Target Group Engagement and Feedback, and Grievance Redress

a. Project Target Group Engagement and Feedback.

195. SAPP II will undertake community mobilization through participatory and empowerment approaches to ensure ownership and sustainability of initiatives. Community orientation sessions will be delivered through district, constituency and village meetings, coordinated by the Village Development Committees (VDCs) and in consultation with the traditional authorities. The target beneficiaries will be organised in Farmer Field schools and farmer organisations and sensitized on VC selection and related opportunities, enabled to access extension and other capacity building support, participate in project activities, change the gender relations and improve their household nutrition and wellness.
196. Vulnerable groups especially women and youth will be facilitated to engage in project activities through sensitization to create interest in farming and commercialisation activities. Specific criteria will be applied in the selection of VCs and the FCF to ensure creation of opportunities for employment, skills development, decision making and economic empowerment of women and the youth. Through care groups, at the village level, pregnant and lactating women and adolescents will be reached with garden kits and care groups capacitated to create awareness on nutrition among adolescents and men at the village level.

b. Grievance redress.

197. SAPP II GRM will be in line with norms of the communities as well as laws of the country and will build on the existing local government structures from Village to district levels. The GRM will consist of three parallel systems which are; i) a community/traditional based system, ii) a formal system and iii) the IFAD Redress System. Initially, grievances will be resolved at the local level through the local Government structures that include the area Headman first followed by the Traditional Authority (TA) and may end up at the District Commissioner if any party is not satisfied. The PMU will provide information on the GRM available as well as convey the zero tolerance for GBV, sexual exploitation, abuse and harassment (SEAH) as well as fraud and corruption policies. The information will be made available through all SAPP II related contractual agreements and on other project documents such as leaflets and call for proposal templates. Project sites will have the information on notice boards with local, regional and national contact details of responsible persons/offices where grievances can be safely lodged.

N. Implementation plans

a. Supervision, Mid-term Review and Completion plans.

198. The objective is to obtain IFAD Board Approval for the SAPP II project in December 2023, complete the financing agreement negotiations during Q1/2024, and achieve readiness for first disbursement in Q2/2024. A comprehensive draft Project Implementation Manual (PIM) has been prepared as a part of the design process, as well as a draft AWPB and a draft procurement plan for the first 18 months of project implementation. These documents aim to ensure that the project implementation starts as scheduled, without unnecessary delays during the first project year. The project initiation benefits from the final period of SAPP project implementation and it is therefore not foreseen that SAPP II will request use of FIPS resources.

199. Implementation frameworks will be developed at start-up as follows:

Table 7: Indicative Start-Up Milestones

ACTIVITY	RESPONSIBLE OFFICE	TIME FRAME
1. Signing of the Financial Agreement	IFAD and Malawi Government	February 2024
2. Development and finalization of Project Implementation Manual (PIM), including elaboration of the framework for Response the Emergency and Disaster Component.	Govt and IFAD Design Team	March 2024
3. Recruitment of key implementation staff	Malawi Government	March 2024
4. Development of a SAPP II Targeting Strategy – including geographical expansion, site selection criteria, beneficiary targeting, etc.	Malawi Government	April 2024
5. Start –up training for SAPP II	IFAD and Govt	April 2024
6. Development of the 1 st AWPB for SAPP II	Malawi Government	May 2024
7. Development of knowledge and communication strategy	Malawi Government	May 2024
8. Development and finalization of the FCF guidelines	Malawi Government	June 2024
9. Development of SAPP II commercialization strategy/plan (mainstreaming food & nutrition security)	Malawi Government	June 2024

Supervision, Mid-term Review and Completion plans.

200. **Supervision and implementation support** missions will be annually organised jointly by IFAD and the GoM to review progress and assist implementing partners and the PMU in improving project implementation. The supervision missions will assess overall physical and financial performance, identify implementation challenges and propose measures to address them, in compliance with all the fiduciary aspects of the financing agreement.

201. **Mid-Term and Completion.** More in-depth reviews will be undertaken at mid-line and end-line to specifically evaluate whether the project is on track to achieve its goal and development objectives. At Mid-Term more comprehensive corrective action can be undertaken to align project activities with intended outcomes and impacts.

202. The annual missions as well as the mid-term and completion missions will be supported by a full progress report by the PMU that is submitted to IFAD at least 2 weeks before the missions are deployed. The progress reports will include comprehensive M&E data on outputs, outcomes and impact, and documentation on financial and physical progress against the Annual Work Plan and Budget. The progress report must include a separate annexed portfolio performance report for the Farmer Challenge Fund.

Footnotes

[\[1\] Malawi Population 2023 \(Live\) \(worldpopulationreview.com\)](#)

[\[2\]](#) The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and having a decent standard of living. [Accessible here](#)

[\[3\] The State of Food Security and Nutrition in the World 2022 \(fao.org\)](#)

[\[4\]](#) This implies providing support to rural smallholders, enabling them to produce beyond subsistence and for the market.

[\[5\]](#) Including climate resilience. Cross cutting across the entire project will be the need to promote climate-resilience and disaster risk reduction given the Malawian context. This will entail (i) promoting climate-smart agriculture practices and natural resource conservation to reduce sensitivity, (ii) supporting the development and implementation of disaster risk reduction strategies/investments (iii) prevention, mitigation as well as transfer; (iv) risk identification as well as reduction; (v) financial protection. The project will benefit from IFAD experience with disaster risk reduction through climate resilient investments as well as recovery.

[\[6\] Household food insecurity is associated with low dietary diversity among pregnant and lactating women in rural Malawi — Johns Hopkins University \(elsevier.com\)](#)

[\[7\] Agriculture markets in Malawi](#)

[\[8\] The Future of Smallholder Farming in Malawi \(2020\)](#)

[\[9\]](#) Including climate resilience. Cross cutting across the entire project will be the need to promote climate-resilience and disaster risk reduction given the Malawian context. This will entail (i) promoting climate-smart agriculture practices and natural resource conservation to reduce sensitivity, (ii) supporting the development and implementation of disaster risk reduction strategies/investments (iii) prevention, mitigation as well as transfer; (iv) risk identification as well as reduction; (v) financial protection. The project will benefit from IFAD experience with disaster risk reduction through climate resilient investments as well as recovery.

[10] Market ready smallholders are those that have successfully adopted Good Agricultural Practices (GAPs) and have increased productivity beyond household consumption levels.

[\[11\]](#) The farmer field school nutrition Manual, Integrated Homestead Farm Manual, Integrated Homestead Food Production Manual and Sustainable Home Gardening Training Guide, Permaculture Network in Malawi Handbook. Household approach implementation manual.

[\[12\]](#) <https://cepa.rmportal.net/Library/government-publications/National%20Gender%20Policy%202015.pdf>

[\[13\]](#) Including climate resilience

[\[14\]](#) Savings rate on deposits declines - Business Malawi

[\[15\]](#) Malawi Bank Lending Rate, 1980 – 2023 | CEIC Data

Malawi

Sustainable Agricultural Production Programme - Phase 2

Project Design Report

Annex 1: Logframe

Mission Dates: 12 - 23 June 2023

Document Date: 17/11/2023

Project No. 2000004511

Report No. 6603-MW

East and Southern Africa Division
Programme Management Department

Sustainable Agricultural Production Programme - Phase 2

Logical Framework

Results Hierarchy	Indicators				Means of Verification			Assumptions				
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility					
Outreach	1 Persons receiving services promoted or supported by the project				Project reports	Annually	PMU	Activities start on expected timeline				
	Males		42362	84724								
	Females		42362	84724								
	Young		24417	50834								
	Not Young											
	Non-Indigenous people											
	Total number of persons receiving services		84724	169448								
	Male			50								
	Female			50								
	Young			50								
	1.a Corresponding number of households reached											
	Women-headed households		21689	43378								
Project Goal To contribute towards wealth creation, and improve food and nutrition security among rural population of Malawi	Non-women-headed households		63035	120070	Project reports	Annually	PMU	Activities start on expected timeline				
	Households		84724	169448								
	1.b Estimated corresponding total number of households members											
	Household members		423620	847240								
	Moderate/Chronic Food Insecurity				Reports from the IPC report, from HIS and DHS report	Every 3 years	PMU	Activities start on expected timeline				
	% Individuals	33	30	25								
	Household wealth index				Reports from the IPC report, from HIS and DHS report	Every 3 years	PMU					
	% of rural population under the two lowest wealth quintiles	46	43	35								

Results Hierarchy	Indicators				Means of Verification			Assumptions				
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility					
Development Objective Commercialise and enhance the resilience and productivity of smallholder farming systems of rural men, women and youth in selected districts of Malawi by 2030	Number of beneficiaries reporting increase in income by at least 25%				Baseline, mid & end-line surveys	Baseline, mid & end-line	PMU	Participating beneficiaries and implementing agencies fully engaged in activities. Sufficient Government buy-in and facilitative policy environment.				
	Total		7500	15000								
	Males		3750	7500								
	Females		3750	7500								
	Young		2850	5700								
	Percentage increase of level of commercialisation											
	Percentage increase in volume of commodities marketed by the beneficiaries		10	25								
	IE.2.1 Individuals demonstrating an improvement in empowerment				Baseline, mid & end-line surveys/ COI surveys	Baseline, mid & end-line	PMU					
	Total persons		24.38	48.75								
	Total persons		19500	39000								
	Females		24.38	48.75								
	Females		9750	19500								
	Males		24.38	48.75								
	Males		9750	19500								
	1.2.8 Women reporting minimum dietary diversity (MDDW)				COI surveys	Baseline, mid & end-line	PMU					
	Women (%)		40	60								
	Women (number)		12000	36000								
	Households (%)		40	60								
	Households (number)		12000	36000								
	Household members		60000	180000								
	Women-headed households											
	Non-women-headed households											
	SF.2.1 Households satisfied with project-supported services				COI surveys	Baseline, mid & end-line	PMU					
	Household members		160000	320000								

Results Hierarchy	Indicators				Means of Verification			Assumptions				
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility					
Outcome Outcome 1. Increased smallholder productivity and climate resilience	Women-headed households		8192	16384	COI surveys	Baseline, mid & end-line	PMU	- Beneficiaries willing to adopt climate smart agriculture and NRM practices - Ability of the project to respond to climate shocks with pro-active adaptive management - Sufficient Government buy-in and facilitative policy environment - Adequate labour and working conditions for women in the target value chains				
	Households (%)		40	80								
	Households (number)		32000	64000								
	SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers											
	Household members		160000	320000								
	Women-headed households		8192	16384								
	Households (%)		40	80								
	Households (number)		32000	64000								
	1.2.2 Households reporting adoption of new/improved inputs, technologies or practices											
	Total number of household members		97500	195000								
Outcome Outcome 1. Increased smallholder productivity and climate resilience	Households		24.38	48.75	COI surveys	Baseline, mid & end-line	PMU	- Beneficiaries willing to adopt climate smart agriculture and NRM practices - Ability of the project to respond to climate shocks with pro-active adaptive management - Sufficient Government buy-in and facilitative policy environment - Adequate labour and working conditions for women in the target value chains				
	Women-headed households		4992	9984								
	Households		19500	39000								
	1.2.4 Households reporting an increase in production											
	Total number of household members		97000	195000								
	Households		24.38	48.75								
	Women-headed households		4992	9984								
	Households		19500	39000								
	3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices											
	Total number of household members		97000	195000								

Results Hierarchy	Indicators				Means of Verification			Assumptions				
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility					
	3.2.1 Tons of Greenhouse gas emissions (tCO2e) avoided and/or sequestered				Baseline and completion survey	Baseline, mid and endline	IFAD ECG					
	Hectares of land	0	12220	36660								
	tCO2e/20 years	0	-127938	-383815								
	tCO2e/ha	0	-3.49	-10.47								
	tCO2e/ha/year	0	-0.17	-0.52								
	1.2.9 Households with improved nutrition Knowledge Attitudes and Practices (KAP)											
	Indigenous households											
	Non-indigenous households											
	Women-headed households											
	Non-women-headed households											
	Households (number)											
	Households (%)											
	Household members											

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Output Output 1.1. Inclusive value chain and market analysis conducted	Stakeholders and value chain actors mapped				Projects reports	Annually	PMU	- Beneficiaries willing to adopt climate smart agriculture and NRM practices - Ability of the project to respond to climate shocks with pro-active adaptive management - Sufficient Government buy-in and facilitative policy environment - Adequate labour and working conditions for women in the target value chains
	Number of mapping exercises conducted		4	8				
Output Output 1.2. Enhanced capacity for climate smart and nutrition-sensitive production	1.1.8 Households provided with targeted support to improve their nutrition				Project reports	Annually	PMU	
	Total persons participating		40000	68000				
	Males		16000	32000				
	Females		24000	36000				
	Households		32000	60000				
	Household members benefitted		200000	300000				
	Non-Indigenous people							
	Young		12000	18000				
	Not Young							
	Women-headed households		10400	15600				
	Non-women-headed households							
	Technologies developed and promoted				Project reports	Annually	PMU	
	Number of new technologies developed		5	15				

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	Number of new technologies promoted		10	10				
	1.1.3 Rural producers accessing production inputs and/or technological packages				Project reports	Annually	PMU	
	Males		9750	19500				
	Females		9750	19500				
	Young		5850	11700				
	Total rural producers		19500	39000				
	1.1.4 Persons trained in production practices and/or technologies				Project reports	Annually	PMU	
	Total number of attendances to training sessions		27300	54600				
	Men trained in crop		9750	19500				
	Women trained in crop		9750	19500				
	Young people trained in crop		5850	11700				
	Men trained in livestock		3900	7800				
	Women trained in livestock		3900	7800				
	Young people trained in livestock		2340	4680				
	Total persons trained in crop		19500	39000				
	Total persons trained in livestock		7800	15600				
	3.1.2 Persons provided with climate information services				Project reports	Annually	PMU	
	Males		14719	29438				
	Females		14719	29438				
	Young		8831	17663				
	Persons provided with climate information services		29438	58876				
	People who benefited from the pass-on programme				Project reports	Annually	PMU	

Results Hierarchy	Indicators				Means of Verification			Assumptions					
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility						
Output Output 1.3. Sustainable management of productive resources (soil, land and water)	Number of beneficiaries from the goat pass-on programme		5364	10728	Project reports	Annually	PMU	- Beneficiaries willing to adopt climate smart agriculture and NRM practices - Ability of the project to respond to climate shocks with pro-active adaptive management - Sufficient Government buy-in and facilitative policy environment - Adequate labour and working conditions for women in the target value chains					
	Number of goats passed-on		26864	53728									
	Number of beneficiaries from the chicken pass-on programme		39360	78720									
	Number of chicken passed-on		393600	787200									
	People trained on GALS												
	Number of extension workers trained as ToT		250	250	Project reports	Annually	PMU						
	Number of local facilitators trained		500	500									
	Percentage of women local facilitators trained		60	60									
	Number of households mentored		7000	10000									
	Public-private extensions supported												
	Number of extensions officers trained and supported		50	100									
	3.1.4 Land brought under climate-resilient practices				Project reports	Annually	PMU						
	Hectares of land		2000	4000									
	Number of HH benefiting from sustainable soil and water conservation practices				Project reports	Annually	PMU						
	Number of households		5000	10125									
	Number of farming HH trained in micro-catchment and sustainable soil fertility management				Project reports	Annually	PMU						
	Number of farming households		5000	10125									

Results Hierarchy	Indicators				Means of Verification			Assumptions	
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility		
Outcome Outcome 2. Commercialisation of smallholder farming systems promoted	Number of beneficiaries who reported increase of sale (quantity of produce sold) by 25%				Baseline, mid & end-line surveys	Baseline, mid & end-line	PMU	<ul style="list-style-type: none"> - Farmers' groups propose business plans for post-harvest investments - Beneficiaries and agri-businesses are willing to participating in creation of mechanisms for interaction between different actors - Adequate labour and working conditions for women in the target value chains 	
Total		7500	15000						
Males		3750	7500						
Females		3750	7500						
Young		2250	4500						
2.2.4 Supported rural producers' organizations providing new or improved services to their members					COI surveys	Baseline, mid & end-line	PMU		
Number of POs		375	750						
Total number of POs members		9376	18750						
Males POs members		4688	9375						
Females POs members		4688	9375						
Young POs members		2813	5625						

Results Hierarchy	Indicators				Means of Verification			Assumptions				
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility					
Output Output 2.1. Strengthened farmer organizations	2.1.3 Rural producers' organizations supported				Project reports	Annually	PMU	<ul style="list-style-type: none"> - Farmers' groups propose business plans for post-harvest investments - Beneficiaries and agri-businesses are willing to participating in creation of mechanisms for interaction between different actors - Adequate labour and working conditions for women in the target value chains 				
	Total size of POs		9376	18750								
	Rural POs supported		375	730								
	Males		4688	9375								
	Females		4688	9375								
	Young		2813	5625								
	2.1.4 Supported rural producers that are members of a rural producers' organization											
	Total number of persons		9376	18750								
	Males		4688	9375								
	Females		4688	9375								
	Young		2813	5625								
1.1.7 Persons in rural areas trained in financial literacy and/or use of financial products and services	Males				Project reports	Annually	PMU					
	Females		4688	9375								
	Young		2813	5625								
	Persons in rural areas trained in FL and/or use of FProd and Services (total)		9376	18750								

Results Hierarchy	Indicators				Means of Verification			Assumptions					
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility						
Output Output 2.2. Market linkages promoted based on opportunities to unlock value	Business plan development supported and implemented				Project reports	Annually	PMU	<ul style="list-style-type: none"> - Farmers' groups propose business plans for post-harvest investments - Beneficiaries and agri-businesses are willing to participating in creation of mechanisms for interaction between different actors - Adequate labour and working conditions for women in the target value chains 					
	Number of market linkages partnership developed between farmer's groups and market actors (buyers)		25	50									
	Number of farmer's group who declared having taken credit from a rural finance institutions		75	150									
	Number of beneficiaries trained on post-harvest handling												
	Total number of persons trained		3750	7500									
	Males		1875	3750									
	Females		1875	3750									
	Young		1125	2250									
	2.1.6 Market, processing or storage facilities constructed or rehabilitated												
	Total number of facilities		126	250									
	Processing facilities constructed/rehabilitated		63	125									
	Storage facilities constructed/rehabilitated		63	125									
	Number of beneficiaries who reported having access to new post-harvest facilities				Project reports	Annually	PMU						
	Total		1875	3750									
	Males		938	1875									
	Females		937	1875									
	Young		563	1125									

Results Hierarchy	Indicators				Means of Verification			Assumptions				
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility					
Output Output 2.3. Farmer Challenge Fund (FCF) operationalized	2.1.2 Persons trained in income-generating activities or business management				Project reports	Annually	PMU	<ul style="list-style-type: none"> - Farmers' groups propose business plans for post-harvest investments - Beneficiaries and agri-businesses are willing to participating in creation of mechanisms for interaction between different actors - Adequate labour and working conditions for women in the target value chains 				
	Males		3750	7500								
	Females		3750	7500								
	Young		2250	4500								
	Persons trained in IGAs or BM (total)		7500	15000								
	Number of business plan proposals approved for financing											
	Number of business plans approved		375	750								
	Volume of funds (USD)		5000000	5000000								
	Number of farmer groups/projects accessing FCF											
	Number of farmer groups/projects accessing FCF to promote Production		250	500								
	Number of farmer groups/projects accessing FCF to promote commercialisation		125	250								
Outcome Outcome 3. Strengthened institutional capacity and knowledge management systems	Annual disbursement				Project reports	Annually	PMU	<ul style="list-style-type: none"> - Training and exchange visits are organized - Effective implementation arrangements and manageable workload of the PIU 				
	Annual disbursement target met against the AWPB		70	70								
Output Output 3.1. Capacity of staff, Communication, knowledge management and M&E	Trainings and capacity building of the PMU				Project reports	Annually	PMU	<ul style="list-style-type: none"> - Training and exchange visits are organized - Effective implementation arrangements and manageable workload of the PIU 				
	Number of staff participating		10	20								
	Males		5	10								
	Females		5	10								
	Success stories, best practices and lessons learnt documented and disseminated				Project reports	Annually	PMU					
	Number of success stories shared		10	20								
	Number of best practices documented		2	10								

Results Hierarchy	Indicators				Means of Verification			Assumptions	
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility		
	Number of lessons learnt shared		5	10					
Output Output 3.2. Institution building and policy engagement for resilient and market-oriented food systems	Government staff trained on disaster preparedness, mitigation and timely response				Project reports	Annually	PMU	- Training and exchange visits are organized - Effective implementation arrangements and manageable workload of the PIU	
	Number of government staff trained		15	30					
	Policy engagement supported				Project reports	Annually	PMU		
	Number of workshops organized for policy discussions		2	10					
	Number of policy documents supported		1	3					

Malawi

Sustainable Agricultural Production Programme - Phase 2 Project Design Report

Annex 2: Theory of change

Mission Dates: 12 - 23 June 2023

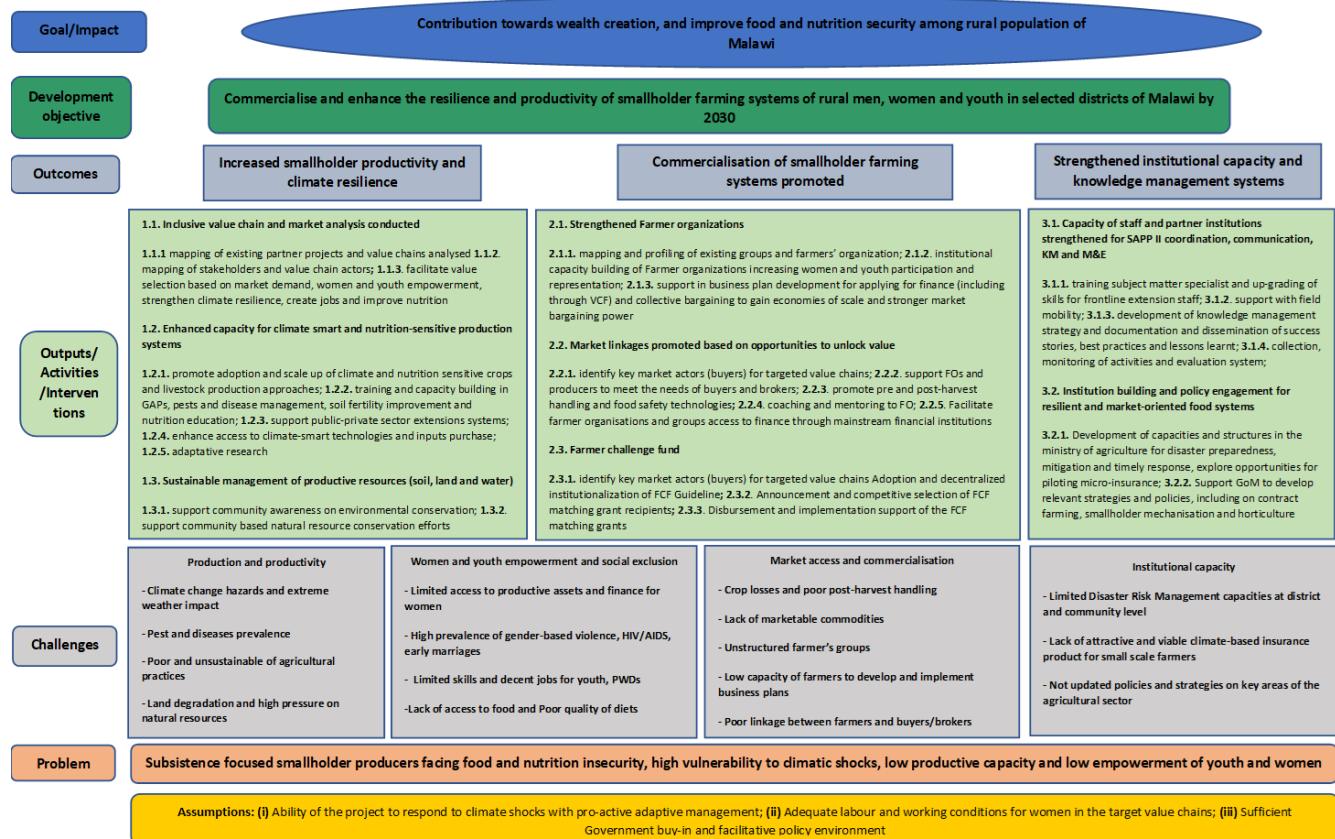
Document Date: 17/11/2023

Project No. 2000004511

Report No. 6603-MW

East and Southern Africa Division
Programme Management Department

Annex 2: Theory of Change



Malawi

Sustainable Agricultural Production Programme - Phase 2

Project Design Report

Annex 3: Project cost and financing: Detailed costs tables

Mission Dates: 12 - 23 June 2023

Document Date: 17/11/2023

Project No. 2000004511

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Annex 3: Project Costs and Financing: Detailed Cost Tables

- The annex presents the anticipated costs and financing for Sustainable Agricultural Production Programme II (SAPP-II) over a period of 7 years of implementation.
- Summary of project costs:** SAPP II project costs, including price and physical contingencies over a seven years' implementation period is estimated at US\$53.3 million. This includes base costs of US\$50.2 million and estimated price and physical contingencies of US\$3.04 million. Investment costs have been estimated at US\$47.3 million (94 percent of base costs) with recurrent costs at US\$2.9 million (6 percent of base costs). The summary of the overall project costs by component/sub-component and expenditure accounts showing base costs and contingencies is presented in tables below.

Table 1: Summary of costs by components & sub-components: base costs & contingencies.

Sustainable Agricultural Production Programme - SAPP II
Components Project Cost Summary

	(MWK '000)			(US\$ '000)		
	Local	Foreign	Total	Local	Foreign	Total
A. Increased Smallholder Productivity and Climate Resilience						
Inclusive Value Chain and Market Analysis Conducted	352,013	39,113	391,125	338	38	375
Enhanced Capacity for Climate-Smart and Nutrition-Sensitive Production Systems	8,655,393	961,710	9,617,104	8,299	922	9,221
Sustainable Management of Productive Resources (Soil, Land and Water)	3,261,983	362,443	3,624,425	3,128	348	3,475
Subtotal	12,269,388	1,363,265	13,632,654	11,764	1,307	13,071
B. Commercialisation of Smallholder Farming Systems Promoted						
Strengthened Farmer Organizations	2,407,766	267,530	2,675,295	2,309	257	2,565
Market Linkages Promoted Based on Opportunities to Unlock Value	3,353,975	372,664	3,726,639	3,216	357	3,573
Village Challenge Fund (VCF)	22,153,320	2,461,480	24,614,800	21,240	2,360	23,600
Subtotal	27,915,061	3,101,673	31,016,734	26,764	2,974	29,738
C. Strengthened Institutional Capacity and Knowledge Management Systems						
Capacity of Staff and Partner Institutions Strengthened for SAPP II Coordination, Communication, KM and M&E an	2,276,348	252,928	2,529,275	2,183	243	2,425
Institution Building of Government Structures for Better Disaster Risk Management	1,102,973	122,553	1,225,525	1,058	118	1,175
Subtotal	3,379,320	375,480	3,754,800	3,240	360	3,600
D. Project Management Costs	3,958,696	94,923	4,053,620	3,795	91	3,887
Total BASELINE COSTS	47,522,465	4,935,342	52,457,807	45,563	4,732	50,295
Physical Contingencies	1,309,216	145,468	1,454,684	1,255	139	1,395
Price Contingencies	1,632,529	84,244	1,716,772	1,565	81	1,646
Total PROJECT COSTS	50,464,210	5,165,054	55,629,264	48,384	4,952	53,336

Table 2: Summary of costs expenditure accounts: base costs & contingencies.

Sustainable Agricultural Production Programme - SAPP II
Expenditure Accounts Project Cost Summary

	(MWK '000)			(US\$ '000)		
	Local	Foreign	Total	Local	Foreign	Total
I. Investment Costs						
A. Civil Works	421,476	46,831	468,307	404	45	449
B. Consultancies	4,476,191	497,355	4,973,546	4,292	477	4,769
C. Equipment and Materials	1,850,272	205,586	2,055,857	1,774	197	1,971
D. Goods, Services & Inputs	4,838,529	537,614	5,376,144	4,639	515	5,155
E. Training and Workshops	7,970,656	885,628	8,856,284	7,642	849	8,491
F. Grants and Subsidies	24,860,956	2,762,328	27,623,284	23,836	2,648	26,484
Total Investment Costs	44,418,080	4,935,342	49,353,422	42,587	4,732	47,319
II. Recurrent Costs						
A. Salaries and Allowances	2,707,211	-	2,707,211	2,596	-	2,596
B. Operating Costs	397,174	-	397,174	381	-	381
Total Recurrent Costs	3,104,385	-	3,104,385	2,976	-	2,976
Total BASELINE COSTS						
Physical Contingencies	47,522,465	4,935,342	52,457,807	45,563	4,732	50,295
Price Contingencies	1,309,216	145,468	1,454,684	1,255	139	1,395
Total PROJECT COSTS	50,464,210	5,165,054	55,629,264	48,384	4,952	53,336

3. The summary of project costs by components/subcomponents and year is presented below:

Table 3: Total project costs by components & sub-components, and financier.

Project Components by Year -- Totals Including Contingencies (US\$ '000)	Totals Including Contingencies							Total
	2024	2025	2026	2027	2028	2029	2030	
A. Increased Smallholder Productivity and Climate Resilience								
Inclusive Value Chain and Market Analysis Conducted	163	16	17	73	130	17	-	415
Enhanced Capacity for Climate-Smart and Nutrition-Sensitive Production Systems	319	1,622	2,209	2,658	2,332	687	65	9,892
Sustainable Management of Productive Resources (Soil, Land and Water)	989	2,116	430	81	82	-	-	3,699
Subtotal	1,470	3,754	2,656	2,812	2,544	704	65	14,005
B. Commercialisation of Smallholder Farming Systems Promoted								
Strengthened Farmer Organizations	723	411	442	386	417	292	136	2,807
Market Linkages Promoted Based on Opportunities to Unlock Value	471	585	646	628	634	640	381	3,985
Village Challenge Fund (VCF)	-	2,536	4,096	6,512	6,574	4,740	-	24,458
Subtotal	1,194	3,532	5,183	7,526	7,625	5,672	517	31,250
C. Strengthened Institutional Capacity and Knowledge Management Systems								
Capacity of Staff and Partner Institutions Strengthened for SAPP II Coordination, Communication, KM and M&E and Institution Building of Government Structures for Better Disaster Risk Management	609	275	233	363	558	336	328	2,702
Subtotal	326	323	133	268	135	114	-	1,298
D. Project Management Costs	935	598	366	631	693	450	328	4,000
Total PROJECT COSTS	1,098	485	490	495	499	504	509	4,080
	4,697	8,368	8,694	11,464	11,362	7,331	1,419	53,336

4. **Component allocation:** Out of the overall project costs, component 2; *Commercialisation of Smallholder Farming Systems Promoted* has been allocated the biggest percentage of 59 percent equivalent to US\$31.2 million. This is followed by component 1; *increased Smallholder Productivity and Climate Resilience* which has accounted for 26 percent equivalent to US\$14 million. This is then followed by Component 4 *Project Management Costs* which has accounted for 8 percent equivalent to US\$4 million and the remaining 8 per cent equivalent to US\$4 million has been allocated to component 3 *Strengthened Institutional Capacity and Knowledge Management Systems*.
5. **Financing Plan:** SAPP II will be financed as follows: IFAD grant is projected at US\$18.08 million (34 percent of the total project costs). The financing will be throughout the project implementation period. Domestic co-financing from the GoM has been estimated at US\$8 million (15 percent of the total project costs). This will be financed in form of in-kind contribution (taxes and duties). There is also a domestic co-financing of US\$3 million from the pass-on scheme of SAPP project which is the genesis of SAPP II. Co-financing from European Union (EU) under the "Investing in sustainable and resilient agriculture and food systems – bridging crisis response and long-term resilience in ACP countries" initiative - has been estimated at US\$2.6 million (5 percent of the total project costs).
6. The project has been designed with a financing gap of US\$ 15.6 million (29 percent of the total project costs) – mostly under the Farmer Challenge Fund, which is expected to be filled through partnerships from bilateral partners (EU), as well as AfDB and the IFAD 13 allocation for Malawi should it be confirmed. The ICO is also in advanced discussions with the Ministry of Finance on the potential reallocation of resources under FARMSE to establish a de-risking instrument to leverage funding from Banks, which would be programmed as additional financial support towards SAPP II. The remaining US\$ 6 million is the estimated in-kind contribution of the beneficiaries and private sector

covering 11 percent of the total costs. The summary of project financing by components, expenditure and disbursement accounts if presented in the tables below.

Table 4: Total project costs by components & sub-components, and financier.

Components by Financiers (US\$ '000)	Malawi Sustainable Agricultural Production Programme - SAPP II												Pass-On PROG Co-Financing			Local (Excl. Taxes)		
	IFAD Grant			The Government		EU		Financing Gap		Ben & PS		Pass-On PROG Co-Financing			Total	For.	Local (Excl. Taxes)	Duties & Taxes
Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	For. Exch.		
A. Increased Smallholder Productivity and Climate Resilience																		
Inclusive Value Chain and Market Analysis Conducted	346	84	68	17	-	-	-	-	-	-	-	415	1	41	305	68		
Enhanced Capacity for Climate-Smart and Nutrition-Sensitive Production Systems	3,754	38	1,130	11	1,966	20	-	-	-	-	-	3,041	31	9,892	19	975	7,786	1,130
Sustainable Management of Productive Resources (Soil, Land and Water)	965	26	610	17	634	17	1,490	40	-	-	-	3,699	7	368	2,721	610		
Subtotal	5,065	36	1,809	13	2,600	19	1,490	11	-	-	-	3,041	22	14,005	26	1,384	10,813	1,809
B. Commercialisation of Smallholder Farming Systems Promoted																		
Strengthened Farmer Organizations	1,965	70	842	30	-	-	-	-	-	-	-	2,807	5	277	2,066	463		
Market Linkages Promoted Based on Opportunities to Unlock Value	2,790	70	1,196	30	-	-	-	-	-	-	-	3,985	8	393	2,935	658		
Village Challenge Fund (VCF)	1,016	4	3,231	14	-	-	14,122	58	6,000	25	-	-	24,458	46	2,405	22,053		
Subtotal	5,770	19	5,358	17	-	-	14,122	45	6,000	19	-	-	31,250	59	3,075	27,055	1,201	
C. Strengthened Institutional Capacity and Knowledge Management System																		
Capacity of Staff and Partner Institutions Strengthened for SAPP II Coordination, C	2,256	84	446	17	-	-	-	-	-	-	-	2,702	5	266	1,990	446		
Institution Building of Government Structures for Better Disaster Risk Management	1,084	84	214	17	-	-	-	-	-	-	-	1,298	2	128	955			
Subtotal	3,340	84	660	17	-	-	-	-	-	-	-	4,000	8	395	2,945	660		
D. Project Management Costs	3,907	96	173	4	-	-	-	-	-	-	-	4,080	8	99	3,817	165		
Total PROJECT COSTS	18,083	34	8,000	15	2,600	5	15,611	29	6,000	11	3,041	6	53,336	100	4,952	44,629	3,754	

Table 5: Total project costs by expenditure accounts and financiers.

Malawi Sustainable Agricultural Production Programme - SAPP II																		
Expenditure Accounts by Financiers																		
(US\$ '000)		IFAD Grant		The Government		EU		Financing Gap		Ben & PS		Pass-On PROG			Local Excl. Taxes		Duties & Taxes	
Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	For. Exch.	Local Excl. Taxes	Duties & Taxes
I. Investment Costs																		
A. Civil Works		361	73	134	27	-	-	-	-	-	-	495	1	49	365	82	82	
B. Irrigation Infrastructures		3,009	74	1,237	24	-	-	110	2	-	-	5,256	10	519	3,070	867	867	
C. Equipment and Materials		531	25	348	17	9	0	1,223	58	-	-	11	4	10	1,553	348	348	
D. Goods, Services & Inputs		3,471	62	920	17	1,187	21	-	-	-	-	5,578	11	551	4,106	920	920	
E. Training and Workshops		5,712	61	2,040	22	1,404	15	157	2	-	-	9,314	18	919	6,858	1,537	1,537	
F. Grants and Subsidies		1,016	4	3,321	12	-	-	14,124	51	6,000	22	3,041	11	27,499	52	2,704	24,795	
Total Investment Costs		15,000	30	8,000	16	2,600	5	15,611	31	6,000	12	3,041	6	50,253	94	4,952	41,547	3,754
II. Recurrent Costs																		
A. Salaries and Allowances		2,688	100	-	-	-	-	-	-	-	-	2,688	5	-	2,688	-	-	
B. Operating Costs		394	100	-	-	-	-	-	-	-	-	394	1	-	394	-	-	
Total Recurrent Costs		3,083	100	-	-	-	-	-	-	-	-	-	3,083	6	-	3,083	-	-
Total PROJECT COSTS		18,083	34	8,000	15	2,600	5	15,611	29	6,000	11	3,041	6	53,336	100	4,952	44,629	3,754

Table 6: Project disbursement by semester and financier

Disbursements by Semesters and Government Cash Flow							Financing Available		Costs to be Financed		
	IFAD Grant		Financing Gap		Pass-On PROG Co-Financing		Project Costs	The Government			
	Amount	EU Amount	Amount	Ben & PS Amount	Amount	Total		Cash Flow	Cumulative Cash Flow		
1	1,760	96	55	-	-	1,912	2,349	-437	-437		
2	1,760	96	55	-	-	1,912	2,349	-437	-874		
3	1,457	139	1,343	311	298	3,548	4,184	-636	-1,510		
4	1,457	139	1,343	311	298	3,548	4,184	-636	-2,145		
5	1,573	65	1,261	502	301	3,702	4,347	-645	-2,790		
6	1,573	65	1,261	502	301	3,702	4,347	-645	-3,436		
7	1,603	314	1,880	799	304	4,900	5,732	-833	-4,268		
8	1,603	314	1,880	799	304	4,900	5,732	-833	-5,101		
9	1,160	685	1,898	806	307	4,856	5,681	-825	-5,926		
10	1,160	685	1,898	806	307	4,856	5,681	-825	-6,750		
11	894	1	1,369	581	310	3,155	3,665	-510	-7,261		
12	894	1	1,369	581	310	3,155	3,665	-510	-7,771		
13	595	-	-	-	-	595	709	-115	-7,885		
14	595	-	-	-	-	595	709	-115	-8,000		
Total	18,083	2,600	15,611	6,000	3,041	45,336	53,336	-8,000	-8,000		

7. Detailed Cost Tables: Detailed cost tables for each sub-component have been prepared and have been attached to this annex. These have been arranged as follows:

- Detailed Table 1.1: Inclusive Value Chain and Market Analysis Conducted
- Detailed Table 1.2: Enhanced Capacity for Climate-Smart and Nutrition-Sensitive Production Systems
- Detailed Table 1.3: Sustainable Management of Productive Resources (Soil, Land and Water)
- Detailed Table 2.1: Strengthened Farmer Organizations
- Detailed Table 2.2: Market Linkages Promoted Based on Opportunities to Unlock Value
- Detailed Table 2.3: Village Challenge Fund (VCF)
- Detailed Table 3.1: Capacity of Staff and Partner Institutions Strengthened for SAPP II Coordination, Communication, KM and M&E and SECAP
- Detailed Table 3.2: Institution Building of Government Structures for Better Disaster Risk Management
- Detailed Table 4.1: Project Management Costs

Detailed Table 1.1: Inclusive Value Chain and Market Analysis Conducted

Malawi
 Sustainable Agricultural Production Programme - SAPP II
 Table 1.1. Inclusive Value Chain and Market Analysis Conducted

Detailed Costs (US\$)

	Quantities							Totals Including Contingencies ('000)										
	Unit	2024	2025	2026	2027	2028	2029	2030	Total	Unit Cost	2024	2025	2026	2027	2028	2029	2030	Total
I. Investment Costs																		
A. Consultancy	Unit	1	-	-	-	1	-	-	2	100,000	111	-	-	-	115	-	226	
B. Annual Assessments	Unit	-	1	1	1	1	1	-	5	15,000	-	17	17	17	17	-	86	
C. Consultative Meetings	Unit	1	-	-	1	-	-	-	2	50,000	55	-	-	57	-	-	112	
Total											166	17	17	74	132	17	-	424

Detailed Table 1.2: Enhanced Capacity for Climate-Smart and Nutrition-Sensitive Production Systems.

Table 1.2. Enhanced Capacity for Climate-Smart and Nutrition-Sensitive Production Systems

Detailed Costs (US\$)

	Unit	Quantities							Totals Including Contingencies ('000)									
		2024	2025	2026	2027	2028	2029	2030	Total	Unit Cost	2024	2025	2026	2027	2028	2029	2030	Total
I. Investment Costs																		
A. Adaptive research	Lumpsum	1	-	-	-	-	-	-	1	1,500	2	-	-	-	-	-	2	
Development, update and review of research protocols	Lumpsum	1	-	-	-	-	-	-	1	10,000	11	-	-	-	-	-	11	
Field testing	District	5	5	5	-	-	-	-	15	10,000	53	53	54	-	-	-	160	
Researcher managed adaptive trials, including field days for specialists	District	5	5	5	-	-	-	-	15	10,000	53	53	54	-	-	-	160	
Researcher-extension managed on-farm trials	District	-	5	5	5	-	-	-	15	500	-	3	3	3	-	-	8	
Monitoring visits from DARS to selected FFS	Site	-	5	5	5	-	-	-	15	1,000	5	5	5	-	-	-	16	
Review of trial results and report at district level	District	-	5	5	5	-	-	-	15	500	-	3	3	3	-	-	8	
Technology dissemination through demonstration, media, on-farm participatory research, feedback, etc	District	-	5	5	5	-	-	-	15	500	-	3	3	3	-	-	8	
Subtotal											123	117	118	5	-	-	364	
B. Capacity-building and scaling up GAPs and technologies	District	-	2	2	1	-	-	-	5	10,000	-	21	21	11	-	-	54	
Campaigns and demonstrations (partly funded through EU funding activities 1.2.4, 2.1.3 and 2.1.5)	District	5	-	-	-	-	-	-	5	5,000	26	-	-	-	-	-	26	
FFS programming	Lumpsum	1	-	-	-	-	-	-	1	10,000	11	-	-	-	-	-	11	
Training of new Master Trainers and facilitators (includes 50 % women, 30% youth)	Groups	-	250	500	750	750	-	-	2,250	800	-	213	430	651	657	-	1,951	
Delivery of FFS, including on-farm research trials embedded in selected FFS sites	-	2,500	5,000	7,500	7,500	-	-	-	22,500	100	-	266	537	814	821	-	2,439	
Input supply for selected model farmers attending FFS and buddy(includes 50 % women, 30% youth 5 % farmer-buddy pair	-	37	500	989	1,476	1,479	-	-	-	-	-	-	-	-	-	-	4,480	
Subtotal																		
C. Extension services	EPA	50	50	50	50	50	-	-	250	1,000	53	53	54	54	55	-	269	
Further training and capacity building of extension officers on PICSA and digital tools	Lumpsum	1	1	1	1	-	-	-	4	75,000	79	80	81	81	-	-	321	
Radio hotline and sms services enhancement	Lumpsum	-	1	1	-	-	-	-	2	5,000	-	5	5	-	-	-	11	
Update of GAP guidelines and extension manuals	Lumpsum	1	1	1	-	-	-	-	1	20,000	21	21	21	22	22	22	152	
Radio and TV programmes (including focus on women and youth and PWDs)	Session	-	2	2	2	2	2	2	12	10,000	-	21	21	22	22	22	131	
Subtotal		153	181	183	179	99	-	-	44	45	45	45	45	45	45	45	883	
D. Nutrition	Care group	-	150	150	200	-	-	-	500	1,200	-	192	193	260	-	-	-	646
Establish integrated home gardens	Care group	-	-	150	150	200	-	-	500	300	-	48	49	66	-	-	163	
Social behaviour change activities at the care group level- cooking demonstrations, awareness raising	Lumpsum	-	-	1	1	1	-	-	3	10,000	-	11	11	11	-	-	33	
Package and tailor nutrition education messages and prepare materials (trainings, radio, theatre, sms, soc	-	-	-	-	-	-	-	-	-	-	192	253	320	77	-	-	841	
Subtotal																		
E. Community empowerment and Outreach	Number	50	50	50	50	-	-	-	200	112	6	6	6	-	-	-	24	
Undertake selection of EPAs/ socio-economic assessments	Meetings	-	25	25	25	25	25	-	125	112	-	3	3	3	3	-	15	
Support for community based M&E and grievance redress system	-	6	9	9	9	9	9	-	3	6	8	-	-	-	-	-	39	
Subtotal																		
F. Support coordination for DAECs /stakeholder Panels/VDCs	Meeting	-	16	16	16	16	16	16	96	112	-	2	2	2	2	2	12	
Support for AEDCs	Meeting	-	16	16	16	16	16	16	96	112	-	2	2	2	2	2	12	
Support for district stakeholder panels (includes 50 % women, 30% youth 5 % PWDs)	Meetings	-	90	90	90	90	90	90	540	112	-	11	11	11	11	11	66	
Support for area stakeholder panels, VDCs (includes 50 % women, 30% youth 5 % PWDs)	Meetings	-	90	90	90	90	90	90	540	47	-	5	5	5	5	5	28	
Training of DAEC/AEDC./VDC on leadership, group management, gender equality, youth, GBV and HIVAI	Meeting	-	90	90	90	90	90	90	540	-	19	19	19	20	20	20	117	
Subtotal																		
G. Gender equality- Household (GALS) approach	Number	-	200	250	-	-	-	-	450	30	6	8	-	-	-	-	14	
Household approach (GALS) workshops with DAEC/AEDCs/VDCs	Meetings	-	-	500	750	750	-	-	2,000	50	-	27	41	41	-	-	109	
Household approach /GALS workshops for FFFs/ Fos/ Cooperatives	Persons	-	-	50	50	50	-	-	150	12	-	1	1	1	-	-	2	
GALS champions /facilitation/ branding items for outreach	Lumpsum	-	-	25	25	25	25	-	100	6	-	0	0	0	-	-	1	
GALS Supervision monitoring and documentation lumpsum	-	-	-	-	-	-	-	-	-	-	6	6	36	42	42	0	126	
Subtotal																	3,041	
H. Pass-on programme (Goats & Chickens	Lumpsum	-	-	-	-	-	-	-	-	-	597	603	608	614	620	-	3,041	
Total											319	1,622	2,209	2,658	2,332	687	65	9,892

Detailed Table 1.3: Sustainable Management of Productive Resources (Soil, Land and Water)

Table 1.3. Sustainable Management of Productive Resources (Soil, Land and Water)

Detailed Costs (US\$)	Unit	Quantities										Totals Including Contingencies ('000)									
		2024	2025	2026	2027	2028	2029	2030	Total	Unit Cost	2024	2025	2026	2027	2028	2029	2030	Total			
I. Investment Costs																					
A. Sustainable Management of Productive Resources (soil, land and water)																					
Micro-catchment assessment (including participatory rural appraisals, soil health mapping and hotspot identification)	micro-catchment	25	-	-	-	-	-	-	25	15,000	396	-	-	-	-	-	-	-	-	-	396
Development or update of catchment management plans with VNRMCs (includes 50 % women, 30% youth, 5% PWDs)	micro-catchment	25	-	-	-	-	-	-	25	5,000	132	-	-	-	-	-	-	-	-	-	132
Procurement of equipment/inputs and coaching to deliver the interventions VNRMCs catchment management plan (terrace c micro-catchment	micro-catchment	-	25	-	-	-	-	-	25	50,000	-	1,331	-	-	-	-	-	-	-	-	1,331
Trainings and demonstrations in SF	EPA	25	25	-	-	-	-	-	50	2,500	66	67	-	-	-	-	-	-	-	-	132
Agroforestry promotion and supervision	micro-catchment	25	25	-	-	-	-	-	50	15,000	396	399	-	-	-	-	-	-	-	-	795
Production and promotion of biofertilisers	micro-catchment	-	10	15	-	-	-	-	25	10,000	-	106	161	-	-	-	-	-	-	-	268
Establishment of seed banks for genetic conservation of indigenous species, including training on seed multiplication	micro-catchment	-	25	-	-	-	-	-	25	5,000	-	133	-	-	-	-	-	-	-	-	133
Production, dissemination and training in the use of fuel efficient wood stoves and charcoal making kilns	Village	-	-	35	-	-	-	-	35	5,000	-	-	188	-	-	-	-	-	-	-	188
Awareness raising campaigns and communication material on natural resource management, soil fertility management, orga	EPA	-	25	25	25	25	-	-	100	3,000	-	80	81	81	82	-	-	-	-	-	324
Total										989	2,116	430	81	82	-	-	-	-	-	-	3,699

Detailed Table 2.1: Strengthened Farmer Organizations

Malawi

Sustainable Agricultural Production Programme - SAPP II

Table 2.1. Strengthened Farmer Organizations

Detailed Costs

(US\$)

	Unit	2024	2025	2026	2027	2028	2029	2030	Total	Unit Cost	2024	2025	2026	2027	2028	2029	2030	Total
I. Investment Costs																		
A. Strengthened Farmer Organizations																		
Identification and profiling of farmers organisations, database development																		
Technical assistance																		
Training of Extension and BDOs (includes 50 % women, 30% youth)																		
Strategic planning of Fos																		
leadership Training events (includes 50 % women, 30% youth, 5% PWDs)																		
Farmer Organisation meetings (includes 50 % women, 30% youth, 5% PWDs)																		
Farmer Service Centers																		
Total	Unit	1	-	1	-	1	-	-	3	25,000	27	-	27	-	28	-	-	82
	Per Month	12	-	-	-	-	-	-	12	20,000	257	-	-	-	-	-	-	257
	Per Month	6	3	3	3	3	-	-	18	10,000	64	32	33	33	33	-	-	196
	Per Month	12	12	12	6	6	6	-	54	5,000	64	65	65	33	33	34	-	295
	Per Month	12	12	12	12	12	12	6	78	10,000	129	130	131	132	133	135	68	858
	Per Month	12	12	12	12	12	6	6	72	10,000	129	130	131	132	133	67	68	790
	Unit	1	1	1	1	1	1	-	6	50,000	54	54	55	55	56	56	-	329
											723	411	442	386	417	292	136	2,807

Detailed Table 2.2: Market Linkages Promoted Based on Opportunities to Unlock Value

Malawi

Sustainable Agricultural Production Programme - SAPP II

Table 2.2. Market Linkages Promoted Based on Opportunities to Unlock Value

Detailed Costs

(US\$)

I. Investment Costs

Market Linkages Promoted Based on Opportunities to Unlock Value

Markets identification activities

Market information collection and dissemination(includes training 30% youth as market information assistants)

Engagements between Fos and entermedies

Farmer business training (50 % women, 30% youth, 5% PWDs)

Training post harvest handling and storage (50 % women, 30% youth, 5% PWDs)

Support for development of business plans and linkages with financial services (50 % women, 30% youth, 5% PWDs)

Support youth Agri-business training programs in 4 existing TVET centres one per region

Support 1000 youth internships and placements in agribusiness

Total

Unit	Quantities							Unit Cost	Totals Including Contingencies ('000)								
	2024	2025	2026	2027	2028	2029	2030		2024	2025	2026	2027	2028	2029	2030	Total	
Per Year	1	1	1	1	1	1	1	7	250,000	271	274	276	279	282	284	287	1,953
Quarter	3	3	3	3	3	3	3	21	10,000	33	33	33	33	34	34	34	234
Per Month	3	3	3	3	3	3	3	21	5,000	16	16	17	17	17	17	17	117
Quarter	1	1	1	1	1	1	1	7	7,000	8	8	8	8	8	8	8	55
Per Month	12	12	12	12	12	12	6	78	5,000	65	66	66	67	68	68	34	434
Per Month	3	3	3	3	3	3	-	18	10,000	33	33	33	33	34	34	-	200
Per Month	6	6	6	3	3	3	-	27	7,000	46	46	46	23	24	24	-	209
Per Year	-	4	4	4	4	4	-	20	25,000	-	110	111	112	113	114	-	558
Persons	-	-	250	250	250	250	-	1,000	200	-	-	55	56	56	57	-	224
									471	585	646	628	634	640	381	3,985	

Detailed Table 2.3: Village Challenge Fund (VCF)

Malawi

Sustainable Agricultural Production Programme - SAPP II

Table 2.3. Village Challenge Fund (VCF)

Detailed Costs

(US\$)

I. Investment Costs

A. A. FCF Matching Grants (targets % women, 30% youth, 5% PWDs)

Total

Unit	Quantities							Unit Cost	Totals Including Contingencies ('000)							
	2024	2025	2026	2027	2028	2029	2030		2024	2025	2026	2027	2028	2029	2030	Total
Lumpsum									-	2,536	4,096	6,512	6,574	4,740	-	24,458
Total									-	2,536	4,096	6,512	6,574	4,740	-	24,458

Detailed Table 3.1: Capacity of Staff and Partner Institutions Strengthened for SAPP II Coordination, Communication, KM and M&E and SECAP

Malawi

Sustainable Agricultural Production Programme - SAPP II

Table 3.1. Capacity of Staff and Partner Institutions Strengthened for SAPP II Coordination, Communication, KM and M&E and SECAP

Detailed Costs

(US\$)

I. Investment Costs

Baseline survey (includes COI Empowerment Indicator)

SECAP studies

Thematic studies (includes gender equality studies)

Mid-term survey (includes COI Empowerment Indicator)

Annual Outcome surveys (includes gender equality, youth and PWDs focus)

End-line survey

Training of staff and partner institutions (includes training on gender equality, youth programming and social inclusion)

Communication (radios, podcasts, billboards etc.)

Knowledge management products (include on Gender equality and social inclusion)

Monitoring and evaluation routine field missions

Total

Unit	Quantities							Unit Cost	Totals Including Contingencies ('000)								
	2024	2025	2026	2027	2028	2029	2030		2024	2025	2026	2027	2028	2029	2030	Total	
Lumpsum	1	-	-	-	-	-	-	1	115,000	125	-	-	-	-	-	125	
Study	1	-	-	-	1	-	-	2	200,000	217	-	-	-	225	-	442	
Study	-	2	1	1	1	1	-	6	40,000	-	88	44	45	45	45	-	267
Lumpsum	-	-	-	1	-	-	-	1	115,000	-	-	-	128	-	-	128	
Survey	-	-	-	-	1	1	-	2	85,000	-	-	-	-	96	97	-	192
Lumpsum	-	-	-	-	-	-	1	1	115,000	-	-	-	-	-	-	132	
Per Year	2	1	1	1	1	1	1	8	75,625	164	83	84	84	85	86	87	673
Lumpsum	1	1	1	1	1	1	1	7	45,000	49	49	50	50	51	52	52	352
Lumpsum	1	1	1	1	1	1	1	7	30,000	33	33	33	34	34	34	34	234
Per Year	1	1	1	1	1	1	1	7	20,000	22	22	22	23	23	23	23	156
									609	275	233	363	558	336	328	2,702	

Detailed Table 3.2: Institution Building of Government Structures for Better Disaster Risk Management

Malawi

Sustainable Agricultural Production Programme - SAPP II

Table 3.2. Institution Building of Government Structures for Better Disaster Risk Management

Detailed Costs

(US\$)

I. Investment Costs

Participatory needs assessment of extension officers on DRM, including roundtables with VCPC

Training of extention officers on EWS (includes 50 % women, 30% youth)

Awareness raising by extension officers to farmer groups (includes 50 % women, 30% youth, 5% PWDs)

Review of VCPC Action Plan by farmer groups

Workshops between AEO and districl civil protection

Policy reviews and and regulatory frameworks development (includes focus on gender equality)

Total

Unit	Quantities							Unit Cost	Totals Including Contingencies ('000)								
	2024	2025	2026	2027	2028	2029	2030		2024	2025	2026	2027	2028	2029	2030	Total	
EPA	25	-	-	-	-	-	-	25	2,000	54	-	-	-	-	-	54	
EPA	50	25	-	-	-	-	-	75	5,000	271	137	-	-	-	-	408	
Target village	-	50	50	50	50	50	-	250	500	-	27	28	28	28	28	-	140
Target Village	-	50	50	50	50	50	-	250	500	-	27	28	28	28	28	-	140
EPA	-	25	-	25	-	25	-	75	2,000	-	55	-	56	-	57	-	167
Policies/strategies	-	1	1	2	1	-	-	5	70,000	-	77	77	156	79	-	-	389
									326	323	133	268	135	114	-	1,298	

Detailed Table 4.1: Project Management Costs

Table 4.1. Project Management Costs

Detailed Costs

(US\$)

	Unit	Quantities							Unit Cost	Totals Including Contingencies ('000)							
		2024	2025	2026	2027	2028	2029	2030		2024	2025	2026	2027	2028	2029	2030	
I. Investment Costs																	
Motor vehicles	Number	4	-	-	-	-	-	-	105,000	455	-	-	-	-	-	455	
Motor cycles	Number	5	-	-	-	-	-	-	5,500	30	-	-	-	-	-	30	
Computers - Desk top	Number	7	-	-	-	-	-	-	1,200	9	-	-	-	-	-	9	
Computers - Laptop	Number	20	-	-	-	-	-	-	1,500	33	-	-	-	-	-	33	
Tablet	Number	20	-	-	-	-	-	-	1,500	33	-	-	-	-	-	33	
Office Furniture	Lumpsum	5	-	-	-	-	-	-	5,000	27	-	-	-	-	-	27	
Stationary	Per Month	4	-	-	-	-	-	-	2,500	11	-	-	-	-	-	11	
Communication Materials	Lumpsum	12	12	12	12	12	12	84	300	4	4	4	4	4	4	28	
Consumables	Lumpsum	4	-	-	-	-	-	-	2,500	11	-	-	-	-	-	11	
Office refurbishment and partitioning	Lumpsum	3	-	-	-	-	-	-	3,000	10	-	-	-	-	-	10	
Tompro software	Lumpsum	1	1	1	1	1	1	7	16,000	17	18	18	18	18	18	125	
Internal audit	Quarter	4	4	4	4	4	4	28	5,000	22	22	22	22	23	23	156	
External audit	Per Year	1	1	1	1	1	1	7	9,000	10	10	10	10	10	10	70	
Total Investment Costs										671	53	54	54	55	55	56	998
II. Recurrent Costs																	
A. Staff Salaries																	
Programme Cordinator	Per Month	12	12	12	12	12	12	84	2,500	30	30	31	31	32	32	217	
Programme M & E	Per Month	12	12	12	12	12	12	84	1,800	22	22	22	22	23	23	157	
Programme Accountant	Per Month	12	12	12	12	12	12	84	1,800	22	22	22	22	23	23	157	
Programme K & M	Per Month	12	12	12	12	12	12	84	1,800	22	22	22	22	23	23	157	
Gender, Youth , Nutrition and social inclusion office	Per Month	12	12	12	12	12	12	84	1,800	22	22	22	22	23	23	157	
Environmental and climate officer	Per Month	12	12	12	12	12	12	84	1,800	22	22	22	22	23	23	157	
Procurement Officer	Per Month	12	12	12	12	12	12	84	1,800	22	22	22	22	23	23	157	
Agribusiness Officer	Per Month	12	12	12	12	12	12	84	1,800	22	22	22	22	23	23	157	
Assistant Programme M & E	Per Month	12	12	12	12	12	12	84	1,000	12	12	12	12	13	13	87	
Assistant Procurement Officer	Per Month	12	12	12	12	12	12	84	1,000	12	12	12	12	13	13	87	
Assistant Programme Accountant	Per Month	12	12	12	12	12	12	84	1,800	22	22	22	22	23	23	157	
Accounts Assistant- Cash Office	Per Month	12	12	12	12	12	12	84	1,000	12	12	12	12	13	13	87	
Accounts Assistant- Main Accounts	Per Month	12	12	12	12	12	12	84	1,000	12	12	12	12	13	13	87	
Accounts Assistant- Main Accounts	Per Month	12	12	12	12	12	12	84	1,000	12	12	12	12	13	13	87	
Administrative Assistant	Per Month	12	12	12	12	12	12	84	1,000	12	12	12	12	13	13	87	
Messenger	Per Month	12	12	12	12	12	12	84	800	10	10	10	10	10	10	70	
Driver 1	Per Month	12	12	12	12	12	12	84	800	10	10	10	10	10	10	70	
Driver 2	Per Month	12	12	12	12	12	12	84	800	10	10	10	10	10	10	70	
Driver 3	Per Month	12	12	12	12	12	12	84	800	10	10	10	10	10	10	70	
Driver 4	Per Month	12	12	12	12	12	12	84	800	10	10	10	10	10	10	70	
Subtotal										324	328	331	334	338	341	344	2,340
B. Fields Allowances	Per Month	12	12	12	12	12	12	84	4,000	48	49	49	50	51	51	348	
C. Fuel	Per Month	12	12	12	12	12	12	84	1,500	18	18	18	19	19	19	130	
D. Utilities (water, electricity and telephone units	Per Month	12	12	12	12	12	12	84	200	2	2	2	3	3	3	17	
E. Bank charges	Per Month	12	12	12	12	12	12	84	1,500	18	18	18	19	19	19	130	
F. Motor vehicle maintenence	Quarterly	4	4	4	4	4	4	4	4,000	16	16	16	17	17	17	116	
Total Recurrent Costs										427	432	436	440	445	449	454	3,083
Total										1,098	485	490	495	499	504	509	4,080

Malawi

Sustainable Agricultural Production Programme - Phase 2 Project Design Report

Annex 4: Economic and Financial Analysis

Mission Dates: 12 - 23 June 2023

Document Date: 17/11/2023

Project No. 2000004511

Report No. 6603-MW

East and Southern Africa Division
Programme Management Department

Annex 4: Economic and Financial Analysis:

- **Introduction**

1. **Overview:** This annex reports the results of the Financial and Economic Analysis related to the Sustainable Agriculture Production Programme in Malawi. The Economic and Financial Analysis (EFA) has been anchored on the project development objective which is “Commercialise and enhance the resilience and productivity of smallholder farming systems of rural men, women and youth in selected districts of Malawi by 2030”. Therefore, the models that have been lined up for this EFA have both the productivity metrics such as increase yields, reduction in post-harvest losses but unlike in SAPP, there is now emphasis on commercialisation. Commercialisation investments to be made by SAPP II have been reflected in the EFA models in the form of increase in premium prices paid to farmers. Simple approaches like supporting farmers to work through aggregation centres can fetch premium prices.
2. **Structure of the analysis:** The analysis aims at proving the financial and economic viability of the proposed investments. The financial analysis, including crop and enterprise financial models, is reported in section II. The overall project economic analysis is described in section III. The net benefits derived from the activity level models in the form of incremental benefits with respect to the baseline are aggregated in the economic analysis considering the scale of the project and its targets (number of hectares and households) to assess overall benefits generated from proposed project interventions. Such benefits are compared with the project costs (estimated from the project budget) to assess overall project performance indicators. Crop and enterprise financial and economic models, as well as a detail of the economic analysis can be found in the Excel worksheets attached to this report.

- **Financial Analysis:**

3. **Objective:** The objectives of the financial analysis are: (i) to assess the financial viability of the development interventions promoted under the proposed Project; (ii) to examine the impact of Project interventions on the incomes of the households (HHs) targeted, therefore determining the incentive for the target group for engaging in the proposed activities; and (iii) to establish the framework for the economic analysis of the Project, which will complement the financial analysis to assess the justification from the overall economy' perspective (see section III).
4. **Data:** Quantities and costs of inputs used in the agricultural models, including labour utilised in different operations, and output farm-gate prices have been collected during the design mission. All the data used for this analysis including WOP & WP yields, self-consumption, and estimated post harvest losses was obtained through engagement with experts from the ministry of Agriculture (Agronomist) during the in-Country field mission.

5. **Methodological approach:** The method is based on the activity and Household (HH) models which simulate the implementation of farming practices for crops grown in the project area and for livestock rearing activities. The activity models simulate the financial budget and estimate the performance indicators namely; gross margin, net margin and return to family labour) that are the instruments for assessing the impact of project intervention on economic activities of the target HH. Gross margin cash-flows are computed as a difference between total revenue and total operating costs.
6. The total revenue is computed considering all farm gate production which is valued using farm gate market prices. The operating costs for individual models include the costs for running activities conducted every year during the intervention period, and thereafter during the operational phase of the project. They include both family labour and hired labour. Net margin is derived by subtracting the total production costs from the gross margin. Returns to family labour are computed as the ratio between the gross margin and the quantity of family labour days involved in the production activity.
7. The WOP models are representative of the current situation farmers do not adopt suitable technologies and improved agricultural practices, and yields are below the potential. The WP scenario simulates the impact on the project beneficiaries of the activities funded through the project. In such scenario, beneficiaries will adopt improved agricultural practices, e.g. use of organic fertilization (NPK, Basal, pesticides & improved seeds).
8. The financial net incremental benefits have been derived from the activity level models, by computing the difference between the with-project (WP) and the without project (WOP) gross margins (baseline). The gross margins have been computed as a difference between the annual revenue and the production costs.
9. **Farm models and financial results:** The following indicative value chains have been lined-up for this SAPP II EFA They includes: Maize, ground nuts, Pigeon peas, Cowpeas, Soya bean, and tomatoes (representing investment in horticulture commercialization). Goats and chickens represent the pass-on program. The Ground nuts processing represent off-farm small/medium enterprise. It is emphasised that this is only indicative; the value chains that will actually be selected will require passing a certain criterion first. All models show an increase in financial returns (per hectare) resulting from the implementation of the proposed project intervention. Increased yields and premium prices will be the key drivers for increasing cash-flows. In the with-project (WP) scenario, it is assumed that yields and prices will increase, thanks to the project, compared to the baseline (without project). The financial analysis demonstrates that all project scenario models are profitable from a farmer perspective illustrating the financial effectiveness of project investments aimed at supporting innovation adoption. The summary results are presented in the table below, which includes financial internal rate of return and net present value, benefits/cost ratio and return to family labour. The detailed information is presented in the excel file attached to this annex.

Table 1: Farm models: Incremental benefits and financial indicators

Project Year	Farm models' net incremental benefits (in KW'000)									
	Maize	Groundnuts	Pigeon Peas	Cowpeas	Soyabean	Goats	Local Chicken	Tomatoes	Ground nuts Processing	
PY1	(59)	(160)	(8)	(217)	(269)	(117)	22	-	901	-
	574	638	303	(62)	(57)	4	136	(231)	488	3,019
	1,085	1,073	466	113	120	0	82	352	653	
	1,680	1,319	801	249	277	3	135	773	1,177	
	1,680	1,319	801	249	277	17	180	773	1,177	
	1,680	1,319	801	249	277	40	215	773	1,177	
	1,680	1,319	801	249	277	33	240	773	1,177	
	1,680	1,319	801	249	277	51	285	773	1,177	
	1,680	1,319	801	249	277	55	320	773	1,177	
	1,680	1,319	801	249	277	33	355	773	1,177	
IRR		1056%	453%	3706%	50%	47%	11%		40%	27%
NPV (Kw 000) @10%		10,614	8,593	5,062	1,192	1,308	66	1,542	3,447	4,548
B/C Ratio		2.47	2.26	5.14	1.04	1.23	1.16	4.13	1.35	1.14
Return to Family Labour (Kw '000)		36.5	43.3	76.0	2.4	5.6	7.2	12.1	10.1	12.1

10. As can be seen above, all models present positive financial viability in terms of measurement using financial internal rate of return (FIRR) and net present value (FNPV) discounted for 10 years using a rate of 3.6 percent (*data source: BUSINESSMALAWI.COM*)¹⁷

11. **Own consumption:** In the without project, after factoring in own consumption, what is left for the market is so small. Own consumption is going as high as 40 percent. Obviously this percentage would reduce with an increase in productivity because there's a limit of how much a household can consume making it difficult for farmers to earn good premium prices. SAPP II through the commercialisation of farmers will support these kinds of farmers who are basically still at subsistence level to be able, for instance, to aggregate their produce in clusters which will make costs lower for agro-dealers and be able to pay farmers premium prices.

12. **Post Harvest losses:** The experience of SAPP shows the analysis of the magnitude and seriousness of the problem of post harvest losses. For instance, in SAPP, the aggregated post harvest losses for all beneficiaries from crops was US\$225 million at climax. This was being lost per year in form of post harvest losses. When aggregated and discounted over a 20-year period, the post harvest had a present value of US\$791 million which is very significant. This obviously coupled with own-consumption leaves the income of a HH at a very low level. SAPP II will, therefore, provide significant support for reduction in these foreseen post harvest losses. This is summarised in the table below.

¹⁷[Savings rate on deposits declines - Business Malawi](#)

Table 2: Aggregated post-harvest losses

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11	Y12	
Actual No. of HH under crop production	229,214	-	-	13,022	56,021	13,987	94,546	2,500	3,254	4,619	4,079	22,342	14,844
Cumulative		-	-	13,022	69,043	83,030	177,576	180,076	183,330	187,949	192,028	214,370	229,214
Aggregated Benefits	Post harvest loses												
Incremental Benefits/Y1	959		12,483	53,704	13,409	90,636	2,397	3,119	4,428	3,910	21,418	14,230	
Incremental Benefits/Y2	968			12,607	54,234	13,541	91,530	2,420	3,150	4,472	3,949	21,629	
Incremental Benefits/Y3	978				12,730	54,764	13,673	92,424	2,444	3,181	4,515	3,987	
Incremental Benefits/Y4	987					12,853	55,294	13,805	93,318	2,468	3,212	4,559	
Incremental Benefits/Y5	987						12,853	55,294	13,805	93,318	2,468	3,212	
Incremental Benefits/Y6	987							12,853	55,294	13,805	93,318	2,468	
Incremental Benefits/Y7	987								12,853	55,294	13,805	93,318	
Incremental Benefits/Y8	987									12,853	55,294	13,805	
Incremental Benefits/Y9	987										12,853	55,294	
Incremental Benefits/Y10	987											12,853	
Net Aggregated Benefits (US\$ 000)		-	-	12,483	66,311	80,372	171,793	175,746	179,916	185,292	189,301	210,832	225,356

13. Beneficiary aggregation and adoption rate: The direct target household (HH) beneficiaries for SAPP II for the selected target areas are projected at 169,448 (HH) translating into 847,240 household members assuming 5 people per HH. This includes 80,000 HHs receiving direct project services under agricultural production, 10,728 HHs and 78,720 HHs accessing goats & chickens through pass-on programme respectively. Adoption rate for HHs receiving direct project services under agricultural production is assumed at 49% which corresponds to about 39,000 HHs. No adoption rate has been applied to HHs under the pass-on programme. The total number of households adopting the proposed investment is, therefore, 128,448 HHs. The summary is presented in the table below.

Table 3: Aggregation of Households

Household Phasing - Crop production	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Beneficiaries under Agricultural Production	80,000	6,400	12,651	12,988	17,271	17,227	11,354	2,110		
Cumulative Number of Beneficiaries		6,400	19,051	32,039	49,310	66,536	77,890	80,000		
Adoption Rate 49%										
Beneficiary Aggregation										
Beneficiaries in Y1	3,120	6,168	6,331	8,419	8,398	5,535	1,028			
Beneficiaries in Y2		3,120	6,168	6,331	8,419	8,398	5,535	1,028		
Beneficiaries in Y3			3,120	6,168	6,331	8,419	8,398	5,535	1,028	
Beneficiaries in Y4				3,120	6,168	6,331	8,419	8,398	5,535	1,028
Beneficiaries in Y5					3,120	6,168	6,331	8,419	8,398	5,535
Beneficiaries in Y6						3,120	6,168	6,331	8,419	8,398
Beneficiaries in Y7							3,120	6,168	6,331	8,419
Beneficiaries in Y8								3,120	6,168	6,331
Beneficiaries in Y9									3,120	6,168
Beneficiaries in Y10										3,120
Total Beneficiaries	3,120	9,288	15,619	24,038	32,437	37,972	39,000	39,000	39,000	39,000
Beneficiaries under Goats Pass-on	858	1,697	1,742	2,316	2,310	1,523	283			10,728
Beneficiaries under Chicken Pass-on	6,298	12,449	12,780	16,994	16,951	11,172	2,076			78,720
Total project beneficiaries	10,276	20,313	20,853	27,730	27,659	18,230	3,387			128,448

14. Cost per beneficiary: The cost per beneficiary has been derived from total project costs divided by the target number of HH. The overall costs for SAPP II have been estimated at US\$53 million and beneficiary households at 169,448. The cost per beneficiary HH is therefore computed at US\$313 and US\$63 for each household member assuming 5 people per HH. The analysis is presented in a summary table below.

Table 4: Cost per beneficiary analysis

PROGRAMME COSTS AND INDICATORS FOR LOGFRAME			
TOTAL PROGRAMME COSTS (in million USD)			
Beneficiaries	847,240	people	53.0 Million
Cost per beneficiary	63	USD x person	169,448 Households
Components and Cost (USD million)			313
A. Increased Smallholder Productivity and Climate Resilience	13.1	Average increase in income per HH per year	
B. Commercialisation of smallholder farming systems promoted	31.3	Premium prices paid to farmers	
C. Strengthened institutional capacity and knowledge	4.0		
D. Project Management Costs	4.7		
Total	53.0		

15. Pass-on programme (Goats & Chicken): According to the survey report, SAPP the available number of goats to be injected in SAPP II 11,175, and the number of chickens is 17,850. The project is expected to reach 10,728 HHs and 78,720 HHs for goats and chicken respectively under the pass-on programme. Cumulatively, the number of goats and chicken to be distributed under the pass-on scheme is 53,728 and 787,200 respectively. This translates into an amount of USD 3.04 million which has been captured in the project cost tables and in the overall economic and financial analysis.

- **Economic Analysis:**

- 16. Objectives of Economic Analysis:** The economic analysis has been carried out to:
- (i) determine the economic viability and overall cost effectiveness of the project, estimated from the perspective of the overall economy rather than at individual level, through comparison of aggregated economic benefits and the total project economic costs. (ii) Perform sensitivity analysis to measure the robustness of the proposed investment and measure the variations in the overall Economic Rate of Return (ERR) and Net Present Value (NPV) due to risks and unforeseen factors.
17. The economic analysis has adopted the indicative value chains used for financial analysis and converted them to economic terms. Standard Conversion Factors (SCF) for both labour and tradable goods have been applied to all input and output costs/prices to calculate the economic value.
18. **Economic benefits:** SAPP II is projected to yield a baseline Economic Rate of return of 23 percent with a positive Net Present Value of US\$11.9 million (MWK 12.3 billion). All quantifiable benefits have been discounted over a period of 20 years including 7 years of project implementation period using a rate of 17 percent which is the current lending rate of Reserve Bank of Malawi (RMB) to commercial banks (data source: CEIC data)¹⁸. The baseline ERR of 23 per cent is higher than the discount rate used for economic analysis which confirms the justification of the proposed project investment. The overall benefits cost ratio is computed at 5.7. The overall project economic analysis is summarised in the table below:

¹⁸[Malawi Bank Lending Rate, 1980 – 2023 | CEIC Data

](#)

Table 5: Overall Economic Cash-flow

Project year	Project Incremental Economic Benefits			Incremental Fam Benefits (MWK million)	Economic Project Costs (MWK million)			Cash-flow
	Farm Benefits	Pass-on benefits (Goats)	Pass-on benefits (Chicken)		Investment Costs	Recurrent Costs	Total Economic Costs	
PY1	(1,547)	(62)	(222)	(1,831)	3,476	522	3,998	(5,829)
PY2	(2,653)	(55)	348	(2,360)	7,381	522	7,903	(10,263)
PY3	(1,458)	(27)	479	(1,006)	7,591	522	8,113	(9,120)
PY4	(148)	(18)	548	382	10,267	522	10,789	(10,407)
PY5	3,072	9	676	3,757	10,240	522	10,762	(7,004)
PY6	8,047	54	743	8,844	6,571	522	7,093	1,751
PY7	15,315	116	701	16,132	796	522	1,318	14,814
PY8	16,908	208	782	17,898		104	104	17,793
PY9	18,098	377	843	19,318		104	104	19,213
PY10	19,719	604	945	21,268		104	104	21,164
PY11	19,719	604	945	21,268		104	104	21,164
PY12	19,719	604	945	21,268		104	104	21,164
PY13	19,719	604	945	21,268		104	104	21,164
PY14	19,719	604	945	21,268		104	104	21,164
PY15	19,719	604	945	21,268		104	104	21,164
PY16	19,719	604	945	21,268		104	104	21,164
PY17	19,719	604	945	21,268		104	104	21,164
PY18	19,719	604	945	21,268		104	104	21,164
PY19	19,719	604	945	21,268		104	104	21,164
PY20	19,719	604	945	21,268		104	104	21,164
NPV@ 13% (KW' million)								12,393
NPV@ 13% ('millionUSD)								11.92
EIRR								23%
BCR				295,082			51,332	5.7

19. Aggregation of Economic Benefits: The SAPP II economic benefits aggregation has been derived from the phased number of target HH, and the incremental economic benefits generated from the indicative value chains. This is summarised in the table below:

Table 6: Beneficiary aggregation and phasing of benefits

Household Phasing - Crop production		Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Beneficiaries under Agricultural Production		80,000	6,400	12,651	12,988	17,271	17,227	11,354	2,110		
Cumulative Number of Beneficiaries			6,400	19,051	32,039	49,310	66,536	77,890	80,000		
Adoption Rate		49%									
Beneficiary Aggregation											
Beneficiaries in Y1			3,120	6,168	6,331	8,419	8,398	5,535	1,028		
Beneficiaries in Y2				3,120	6,168	6,331	8,419	8,398	5,535	1,028	
Beneficiaries in Y3					3,120	6,168	6,331	8,419	8,398	5,535	1,028
Beneficiaries in Y4						3,120	6,168	6,331	8,419	8,398	5,535
Beneficiaries in Y5							3,120	6,168	6,331	8,419	8,398
Beneficiaries in Y6								3,120	6,168	6,331	8,419
Beneficiaries in Y7									3,120	6,168	6,331
Beneficiaries in Y8										3,120	6,168
Beneficiaries in Y9											3,120
Beneficiaries in Y10											3,120
Total Beneficiaries			3,120	9,288	15,619	24,038	32,437	37,972	39,000	39,000	39,000
Summary of Incremental Farm Benefits - Economic costs											
Average Farm Size for each HH under SAPP II	0.5	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Maize		(27)	256	484	751	751	751	751	751	751	751
Ground Nuts		(72)	285	480	589	589	589	589	589	589	589
Pigeon Peas		(4)	135	208	358	358	358	358	358	358	358
Cowpeas		(102)	(33)	53	106	106	106	106	106	106	106
Soya Bean		(121)	(26)	53	123	123	123	123	123	123	123
Tomato		(403)	(104)	157	345	345	345	345	345	345	345
Off-farm - G.nuts processing		(2,742)	394	541	1,010	1,010	1,010	1,010	1,010	1,010	1,010
Average Incremental Farm Benefits		(496)	130	282	469	469	469	469	469	469	469
Goats		(72)	15	22	39	84	162	259	477	868	1,604
Local Chicken		38	152	91	124	161	187	203	240	266	292
Average Incremental Farm Benefits											
Incr. Benefits Aggregation/Year		Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Incremental farm benefits phasing											
Aggregated benefits	Incr. Benefits										
Incremental Benefits in Y1	(496)	(1,546,591)	(3,057,255)	(3,138,499)	(4,173,502)	(4,162,941)	(2,743,705)	(509,813)			
Incremental Benefits in Y2	130		404,672	799,944	821,202	1,092,015	1,089,252	717,902	133,395		
Incremental Benefits in Y3	282			880,794	1,741,126	1,787,395	2,376,835	2,370,821	1,562,557	290,342	
Incremental Benefits in Y4	469				1,463,197	2,892,404	2,969,266	3,948,460	3,938,469	2,595,761	482,323
Incremental Benefits in Y5	469					1,463,197	2,892,404	2,969,266	3,948,460	3,938,469	2,595,761
Incremental Benefits in Y6	469						1,463,197	2,892,404	2,969,266	3,948,460	3,938,469
Incremental Benefits in Y7	469							1,463,197	2,892,404	2,969,266	3,948,460
Incremental Benefits in Y8	469								1,463,197	2,892,404	2,969,266
Incremental Benefits in Y9	469									1,463,197	2,892,404
Incremental Benefits in Y10	469										1,463,197
Net Incremental Benefits		(1,546,591)	(2,652,583)	(1,457,761)	(147,977)	3,072,069	8,047,249	15,315,435	16,907,749	18,097,899	19,719,087
Incr. Benefits Aggregation/Year		Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Beneficiaries under Goats Pass-on		858	1,697	1,742	2,316	2,310	1,523	283			10,728
Aggregated benefits	Incr. Benefits										
Incremental Benefits in Y1	(72)	(62,028)	(122,614)	(125,873)	(167,383)	(166,959)	(110,039)	(20,447)			
Incremental Benefits in Y2	15		12,813	25,329	26,002	34,577	34,489	22,731	4,224		
Incremental Benefits in Y3	22			18,594	36,756	37,733	50,176	50,049	32,986	6,129	
Incremental Benefits in Y4	39				33,483	66,188	67,947	90,355	90,126	59,400	11,037
Incremental Benefits in Y5	84					72,248	142,817	146,612	194,962	194,468	128,170
Incremental Benefits in Y6	162						138,791	274,357	281,648	374,529	373,581
Incremental Benefits in Y7	259							222,374	439,583	451,264	600,080
Incremental Benefits in Y8	477								409,323	809,138	830,640
Incremental Benefits in Y9	868									745,288	1,473,262
Incremental Benefits in Y10	1,604										809,138
Net Incremental Benefits		(62,028)	(54,901)	(27,317)	(17,785)	8,757	54,030	115,603	207,550	377,174	603,701
Incr. Benefits Aggregation/Year		Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Incremental benefits phasing - Chicken Pass-on		6,298	12,449	12,780	16,994	16,951	11,172	2,076			78,720
Aggregated benefits	Incr. Benefits										
Incremental Benefits in Y1	38	(455,147)	469,961	482,449	641,550	639,927	421,762	78,368			
Incremental Benefits in Y2	152		957,513	1,892,784	1,943,083	2,583,865	2,577,327	1,698,661	315,631		
Incremental Benefits in Y3	91			571,101	1,128,935	1,158,935	1,541,125	1,537,225	1,013,152	188,256	
Incremental Benefits in Y4	124				780,473	1,542,815	1,583,814	2,106,118	2,100,789	1,384,585	257,272
Incremental Benefits in Y5	161					1,012,715	2,001,905	2,055,104	2,732,828	2,725,913	1,796,591
Incremental Benefits in Y6	187						1,012,715	2,001,905	2,055,104	2,732,828	2,725,913
Incremental Benefits in Y7	203							1,012,715	2,001,905	2,055,104	2,732,828
Incremental Benefits in Y8	240								1,012,715	2,001,905	2,055,104
Incremental Benefits in Y9	266									1,012,715	2,001,905
Incremental Benefits in Y10	292										2,001,905
Net Incremental Benefits		(221,884)	347,947	478,779	547,711	676,480	742,515	700,953	782,237	842,770	945,159

20. Sensitivity analysis: To test the robustness of the overall project analysis, a sensitivity analysis has been carried out to measure variations due to unforeseen factors and relevant risks presented in the integrated project risk matrix (IPRM). The sensitivity analysis has also been carried out around the financing gap that has been designed with the project.

21. A change in project benefits by 20 per cent increase in costs and decrease in benefits using the same proportion yields an ERR of 20 per cent and 19 per cent with a positive NPV of US\$6.5 million and US\$4.1 million respectively. An increase in project benefits by either 10 per cent & 20 per cent yields a higher of 24 percent & 26 per cent respectively both with positive NPV. A delay in project benefits by 1 & 2 years still yields positive results as it yields 20 per cent and 17 per cent both posting positive net present values. If the project financing gap is not covered by the potential funders, the project benefits will reduce to an ERR of 19 per cent with NPV of US\$3.8 million. Results of the sensitivity analysis indicate that the project remains economically viable under the various assumptions considered. The summary of the sensitivity analysis linked to the IPRM is presented in the table below.

Table 7: Summary of sensitivity analysis matrix

Sensitivity analysis matrix		%	IRR	NPV (US\$) Million	Link between EFA and IPRM
Base Scenario		23%		11.92	
Decrease of Project benefits	-10%	21%		8.03	Climate related hazards in the Country such as Cyclone Idai and Freddy. The Country will soon be moving into political campaigns thus a potential delay of project implementation and decrease of the anticipated due to benefits delay. The uncertainty of the selected value chains.
	-20%	19%		4.14	
	-30%	17%		0.25	
Cost Increase	10%	21%		9.22	The double digits raising rate of inflation which is anticipated during design is a potential cause of costs increase for inputs.
	20%	20%		6.52	
	50%	17%		-0.93	
Delay of benefits	1 Year	20%		5.46	Delay in project implementation due to the time required to train and orient new project technical committee, steering committee and setting up of new Governance structures. The Country will soon be moving into political campaigns thus a potential delay of project implementation.
	2 Years	17%		-0.04	
Increase of benefits	10%	24%		15.81	High adoption rate compared to the EFA assumption as a result of high uptake of project interventions
	20%	26%		19.69	
If Financing Gap is not covered		19%		3.80	Lack of potential funders to fill the gap

Table 8: Detailed sensitivity analysis:

Conclusion: The following economic performance indicators for the proposed investment have been computed: (i) Economic Rate of Return (ERR), and (ii) Net Present Value (NPV). The overall ERR is computed to illustrate the need for funding overall cost effectiveness. SAPP II is projected to yield a baseline Economic Rate of return (ERR) of 23 per cent with a positive Net Present Value (NPV) of US\$11.9 million (MWK 12.3billion). The baseline ERR is above the discount rate used for economic analysis which confirms the economic justification of the project.

Annex 5: Social Environment and Climate Assessment (SECAP) Review Note

1. Introduction

1. The purpose of this document is to provide elements of context and guidance for the Sustainable Agricultural Production Programme Second Phase (SAPP II) in Malawi, to better integrate social, environmental and climate dimensions. The SECAP Review Note describes the main socio-economic, climate and environmental trends in the Project's target areas and analyses the potential risks related to SAPP II implementation. The primary objectives of this review note are:
 - a. To conduct a strategic evaluation of Malawi's current and future environmental and social impact on poverty reduction, community resilience, and social inclusion activities; and

- b. To propose social inclusion and climate change adaptation and mitigation measures, as well as the project's contribution to achieving the Sustainable Development Goals (SDGs) and Nationally Determined Contributions (NDCs).
- 2. In line with the government's request, SAPP II will be implemented in 4 Districts; Lilongwe Rural and Balaka, which were part of the SAPP phase one and two new ones namely, Mzimba and Dowa. The districts cut across the Northern, Central and Southern regions.
- 3. In terms of methodology, data was collected through an extensive literature review, use of online tools, and consultations with stakeholders. This review note is informed by information and data from a variety of secondary sources, including country reports, legal, institutional, policy, and program documents from the Government of Malawi. In addition, the study includes a review of IFAD strategy papers and action plans, reports from other multilateral agencies and development partners, and findings from in-country and virtual consultations with key stakeholders.

2. Situational analysis and potential project impacts

- 4. Malawi's poverty rate remains high due to climate shocks, low agricultural productivity, poor post-harvest losses handling process that prevents farmers from having quality products for the market and slow structural transformation. The internationally comparable poverty headcount ratio of \$2.15 per day (2019 PPP) was 71 percent, one of the highest in the world¹⁹. According to the Malawi Vulnerability Assessment Committee (MVAC), 3.8 million Malawians (roughly 20 percent of the country's population) will go hungry between November 2022 and March 2023²⁰. Malawi continues to rely on subsistence, rain fed agriculture, limiting its growth potential, making it more vulnerable to weather shocks, and causing food and nutrition insecurity.
- 5. Deforestation, land degradation, and water pollution from agricultural and industrial runoffs, and other environmental issues continue to plague Malawi today. The main identified social challenges are a lack of gender equality and social inclusion.

2.1 Socio-economic and nutritional assessment

- 6. Malawi is one of the most densely populated countries in Sub-Saharan Africa, with an estimated population density of **203 per km²** and a population of 20.9 million (2023) and expected to double by 2060²¹. This has put pressure on land resources, leading to widespread degradation and deforestation and land access issues with smallholder land holdings being about 1.2 ha per household. The Chewa are the biggest population group and constitute around 90 per cent of people in the Central Region. The average household size in Malawi is 4.5 members with 3 out of 10 households headed by women. The population residing in the rural areas is 84.4 percent and the remaining 15.6 per cent in the urban area.
- 7. The latest (2021-2022) human development index (HDI)²² of Malawi stood at 169th place out of 191. The country's GDP per capita, which was \$411 in 2019 (WDI, 2021), ranks as the second lowest in the world. GDP growth was greatly curtailed by COVID-19, which

¹⁹[Poverty | Data \(worldbank.org\)](#)

²⁰[Malawi Overview: Development news, research, data | World Bank](#)

²¹[Malawi Population 2023 \(Live\) \(worldpopulationreview.com\)](#)

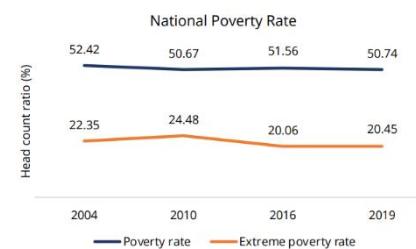
²²The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and having a decent standard of living.

[Accessible here](#)

saw the country registering a growth rate of only 1.0%. GDP increased to 2.5 percent in 2023, and is projected to increase to 3.9 percent in 2025²³. The projected Consumer Prices change is at 16.5 percent expecting to decrease by 2025.

8. **Overall poverty situation:** Malawi remains one of the poorest countries in the world despite its significant reforms to sustain economic growth. The country's economy is heavily reliant on agriculture, which employs over 80 percent of the population, and remains vulnerable to climatic shocks²⁴ and therefore projected to decline. The Russia war on Ukraine has also worsened the situation, with rising fuel prices, fertilizer and other import food commodities exerting pressure on food price inflation²⁵. Although the prevalence of undernourishment decreased from 22.5 percent in 2004-2006 to 17.8 percent in 2019-2021, the prevalence of severe food insecurity increased from 47.7 percent in 2004-2006 to 51 percent in 2019-2023²⁶.
9. Currently, extreme poverty remains high compared to the rest of sub-Saharan Africa (69 percent visa Vis 42 percent in 2016 (World Bank Development Research Group, 2021). Nine million people (50.7 percent) – were living in poverty in 2019 compared to 8.4 million in 2016. The vast majority (94 percent) of poor Malawians live in rural areas, making the rural poverty rate almost three times higher than the poverty rate in urban areas (57 and 19 percent respectively). The poverty rate in the rural North is much lower (36 percent) than in the Rural South and Rural Centre (57 and 63 percent, respectively). These areas are also home to 92 percent of those in extreme poverty.

Figure 1.1: National poverty rate has been stagnant for more than 15 years



Source: World Bank calculations based on IHS poverty estimates

Table 1.2: Poverty by regions, 2019/2020

Region	Extreme poor	Poor	Number of extreme poor	Number of poor	Total population	% of extreme poor	% of poor	% of total population
Urban	3.3	19.2	94,328	542,880	2,829,047	2.5	5.9	15.6
Rural North	9.8	35.9	195,593	716,923	1,997,062	5.3	7.8	11.0
Rural Centre	29.5	62.8	1,928,282	4,096,000	6,526,604	52.0	44.5	36.0
Rural South	22.0	56.7	1,488,611	3,842,850	6,781,388	40.2	41.8	37.4
Total	20.4	50.7	3,706,816	9,198,654	18,134,102	100.0	100.0	100.0

Source: World Bank calculations based on IHS5 poverty estimates.

10. Low agricultural productivity, limited opportunities in non-farm activities, volatile economic growth, rapid population growth, inadequate coverage of safety net programs

²³[Malawi and the IMF](#)

²⁴<https://www.worldbank.org/en/country/malawi/overview>

²⁵[New Economic Analysis Calls for Bold Reforms for Malawi's Macroeconomic Stability and Service Delivery Ambitions \(worldbank.org\)](#)

²⁶[The State of Food Security and Nutrition in the World 2022 \(fao.org\)](#)

and targeting challenges are all factors that contribute to the country's poverty. Agriculture is the main economic activity of poor households in Malawi. Ganyu labour, a type of wage labour where people are paid for the day, is another main form of livelihood. Remuneration in ganyu can be in cash or kind (e.g., food). By region, the rural Centre and rural South report more households with some agricultural activity (and with a larger proportion of households combining it with ganyu)²⁷.

11. **Gender equality and women empowerment.** Malawi's female population is estimated at 9.2 million representing 51 percent, while the male population is approximately 8.94 million representing 49 percent. Female headed households are more likely to be poor (57 percent for female-headed and 43 percent of their male-headed households²⁸) and are disproportionately represented in the lowest quartile of income distribution. Women's poverty is directly related to their concentration in low-income activities, low access to economic and productive assets and resources such as inputs, land and capital; higher illiteracy rates, inadequate health facilities exposing them to maternal related deaths. In addition, the HIV/AIDS pandemic has had a more devastating impact on women. Laws guaranteeing inheritance and land ownership rights to women are often overridden by social norms and customs. Women are estimated to constitute 70 percent of the labour force in the agricultural sector. Only 11 percent of agricultural extension workers are female, which means that gender-specific issues may not always be addressed (UNDP, 2015). Female workers earn less per month than male workers across all economic sectors, the most prominent of which are observed in the agricultural sector. The gender gap in agricultural productivity is estimated at 7.3 percent.
12. The patriarchal nature of Malawian culture has significant consequences for women and girls whose power of self-determination is controlled by males. A majority of the power holders and gatekeepers at different levels are males and that has an impact on women's access and their participation in decision-making processes²⁹. Malawi is a signatory to key international and regional instruments and has put in place legislative and policy measures to address gender-based violence (GBV) against women and children. Most of the laws that are in place have not been effectively disseminated to the public and to duty bearers, law enforcement authorities and gatekeepers at community level. Consequently, GBV including early marriages and teenage pregnancies continue to increase, thus negatively affecting the human development capital of girls and women. Women experience high workloads in rural communities and on the farms. They are most affected by effects of environmental mismanagement such as deforestation and desertification because of the gender roles they play in land, forests and water resource utilization (GoM, 2015)³⁰.
13. **Youth** in Malawi are defined as all persons from age 15 to 35 years regardless of their sex, race, education, culture, and religion, economic, marital and physical status. Youth are recognized as a definitive social entity that has its own specific problems, concerns, needs, and aspirations. The median age in Malawi is 18.1 years. Out of the population of 19 million, more than 49 percent are persons aged over 18 years³¹. Literacy rate within this age bracket is estimated at 81.8 percent with slightly more males being literate (86.6

²⁷ World Bank Malawi Poverty Assessment (2022). Accessible [here](#)

²⁸ Ministry of Finance Economic Planning and Development, 2017

²⁹ Chakwana, C., Malera, G., Mkwamba, P., Malunga, A., & Molosoni, B. (2020). Malawi COVID-19 Rapid Gender Analysis. Lilongwe: Government of Malawi

³⁰ GoM. (2015). National Gender Policy. Lilongwe: Government of Malawi

³¹[2018 Malawi Population and Housing Census Main Report \(nsomalawi.mw\)](#)

and 77 percent respectively). The youth lack basic opportunities that would enable them to develop to their full potential such as appropriate incentives and skills to engage effectively in lucrative agricultural markets. Poverty among the youth is exacerbated by lack of: land tenure, ownership of productive land, well-functioning social structures of inheritance, access to credit and financial services, advisory services and missing markets³².

14. Marginalised groups: The 2018 Population and Housing Census indicates that there are 1,734,250 persons with disabilities (PWDs) in Malawi aged 5 years and above, representing about 11.6 percent of the total population. The Prevalence of HIV among adults of ages 15 to 64 years is 10.6 percent: 12.5 percent among females and 8.5 percent among males. In 2018, 4.3 percent of young women were living with HIV, compared to 2 percent of young men. This corresponds to approximately 900,000 people living with HIV (PLHIV) ages 15 to 64 years. In addition, minority groups could be considered as the smaller tribes namely the Tumbuka (9 percent), Sena (4 percent), Mang'anja (3 percent), Nyanja (2 percent), Tonga (2 percent), Nkhonde (1 percent), Lambya (1 percent) and Sukwa (1 percent) that face exclusion barriers. The government has a Social Protection Net Programme targeting these vulnerable groups and is currently running a SPARK project³³ for PWDs

15. Nutrition: Malnutrition among children under five years remains high with prevalence of stunting at 37 percent³⁴, wasting at 2.6 percent and overweight 4.4 percent³⁵. Stunting prevalence is highest in Kasungu-Lilongwe Plains (40.6 percent) and lowest in Karonga-Chitipa-Rumphi-Mzimba (23.7 percent). Despite significant interventions, malnutrition remains a persistent problem in the country's rural areas (IPC 2022)³⁶, where stunting is 39 percent compared to 25 percent of children in urban areas. About 15.4 percent of women of childbearing age are anaemic and 30 percent among pregnant women. The prevalence of obesity in adults is higher in urban areas compared to rural areas (37.0 percent vs 21.4)³⁷. The 2022 IPC Chronic Food Insecurity (IPC CFI Levels 3 and 4) report indicates that approximately 5.4 million people (33 percent) in Malawi living in rural and secondary urban centres are facing moderate or severe chronic food insecurity. The southern region (36 percent) is the most affected followed by the central region (32 percent) and the northern region (22 percent)³⁸. About 18 percent of households have a food consumption score (FCS) at the poverty line, and 30 percent perceived at least severe hunger in 2021 according to the Malawi Vulnerability Assessment Committee (MVAC)³⁹.

16. The main drivers of food insecurity and malnutrition are multi-faceted, and are also climate change related. About 70 percent of household's experience food shortages due to lack of

³²https://www.youthpolicy.org/national/Malawi_2013_National_Youth_Policy.pdf

³³ The SPARK program uses a systemic action learning approach to affect the lives of at least 7,000 persons with disabilities in Burkina Faso, India, Mozambique, and Malawi. This approach will enable them to become fully engaged in the economic activities of selected agricultural and pastoral value chains.

³⁴<https://www.ipcinfo.org/ipc-country-analysis/details-map/fr/c/1155612/?iso3=MWI>

³⁵The Fifth Integrated Household Survey (IHS5) 2019-2020 (nsomalawi.mw)

³⁶<https://www.ipcinfo.org/ipc-country-analysis/details-map/fr/c/1155839/?iso3=MWI>

³⁷[The State of Food Security and Nutrition in the World 2022 \(fao.org\)](https://www.fao.org/state-of-food-security-and-nutrition-in-the-world)

³⁸<https://malawi.un.org/sites/default/files/2022-05/IPCpercent20Malawipercent20Chronicpercent20Foodpercent20Insecuritypercent20Snapshotpercent20percent20Maypercent202022.pdf>

³⁹<https://malawi.un.org/sites/default/files/2022-05/IPCpercent20Malawipercent20Chronicpercent20Foodpercent20Insecuritypercent20Reportpercent20Maypercent202022.pdf#:~:text=Thepercent20Malawipercent20IPCpercent20Chronicpercent20Food,CFIpercent20Levelspercent203percent20andpercent204.>

farm inputs, high food prices (28 percent) and weather events like drought, poor rains, and floods and water logging (20 percent) (IHS5 2019). Price inflation affecting the availability of food and fertilizers have also pushed Malawi towards a food security crisis with potential malnutrition repercussions.⁴⁰ Recent Cost of the Diet and Household Economy Approach studies recorded a 25 percent increase in the cost of a nutritious diet (2021–2022), with substantial seasonal variations. Household food insecurity was found to be associated with low dietary diversity among pregnant and lactating women in rural Malawi⁴¹ with most families consuming mostly starchy foods and fats, with little protein, fruits and vegetables. Nearly half of children under five are only consuming two meals per day. Food taboos during pregnancy commonly affect women's diets and nutritional status⁴². This is further compounded by nutrition-risk household behaviors such as inadequate food preparation, and care practices⁴³. Other issues are high prevalence of diseases, and poor access to health services and safe water.

2.2 Environment and climate context, trends and implications

17. **Location:** Malawi is a landlocked country in south-eastern Africa, bordered to the west by Zambia, to the north and northeast by Tanzania, and to the east, south, and southwest by Mozambique. The country is located between 90° 221° and 170° 031° S and 330° 401° and 350° 551° E. It has an area of 118,484 km² (45,747 square miles) [18], of which 20 percent is water. The country is divided into three regions, each with its own set of 28 districts⁴⁴.
18. **Agro Ecological regions:** Malawi is divided into three agro ecological zones based on soil factors, altitude, rainfall amount, duration, and variability, and temperature regimes: The Lower Shire valley is divided into three regions: i) the lakeshore plains, ii) the Upper Shire valley, and iv) the mid-altitude plateau, with the highlands sometimes counted as a fourth. (See Fig. 3) The agricultural potential of the country is much greater in the north and centre of the country (Figure 3). Kasungu, Lilongwe Plain in the central region, and Chitipa in the north, for example, have a more suitable agro ecology and higher precipitation levels (Maruyama et al., 2018). Dowa, Ntchisi, and Karonga are three other districts with high agricultural potential in the Northern and Central Regions. The potential is lower primarily in the Southern Region, which includes the districts of Balaka, Machinga, Zomba, Phalombe, Chiradzulu, and Mulanje. Low levels of rainfall and generally poor weather conditions that characterise most of the Southern Region are major contributors to the low agricultural potential.

⁴⁰<https://reliefweb.int/report/malawi/malawi-chronic-food-insecurity-and-malnutrition-dq-echo-ipc-echo-daily-flash-25-may-2022>

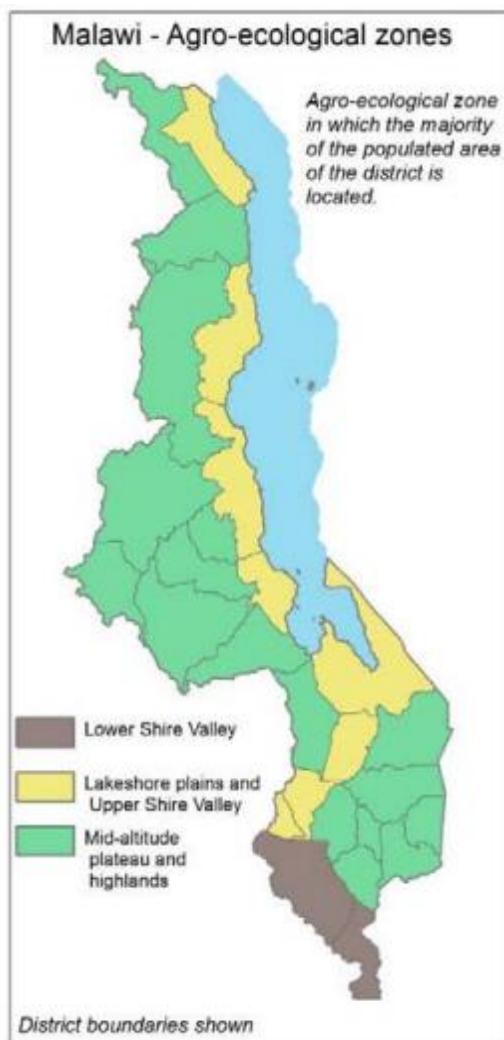
⁴¹[Household food insecurity is associated with low dietary diversity among pregnant and lactating women in rural Malawi — Johns Hopkins University \(elsevier.com\)](#)

⁴²[Walters17530.pdf \(ajfand.net\)](#)

⁴³[Malawi: Nutrition and HIV/AIDS Project, April 11, 2022 - Malawi | ReliefWeb](#)

⁴⁴[Household food insecurity is associated with low dietary diversity among pregnant and lactating women in rural Malawi — Johns Hopkins University \(elsevier.com\)](#)

19. SAPP II will target districts in all these regions, with a higher focus in high potential regions in the North and Centre: Lilongwe Rural, Zumba and Dowa; and one Southern district with less potential: Balaka.



sustainable land management methods are all part of Malawi's plan to reach land degradation neutrality by 2040.

24. **Scarcity of water:** Surface water resource depletion (perennial rivers becoming seasonal) in catchments and watersheds across the country, as well as the resulting threats to groundwater resources, have consistently been a top priority. Malawi's water crisis affects over 11.7 million people, with 1.7 million lacking access to safe drinking water and 10 million lacking adequate sanitation. Every year, over 3,000 children under the age of five die as a result of waterborne illness. [20]

25. **Biodiversity.** Biodiversity in Malawi is important for economic, socio-cultural and ecological purposes. Biodiversity contributes significantly to the economy and poverty alleviation in Malawi. For example, agro biodiversity was estimated to contribute about 40% of the Gross Domestic Product (GDP) and more than 90% of employment and

20. Figure 3. Agro -ecological regions of Malawi
Environmental and climate issues

21. **Degradation of the land:** Stakeholders consistently identified as a priority concern the increasing degradation of land resources, particularly forested and arable lands in critical catchments and watersheds across the country, because of continuous cultivation on the same land, encroachment into marginal land and protected areas, deforestation, soil erosion, and loss of soil fertility. Land degradation has resulted in a 15 percent decrease in arable land over the last decade⁴⁵. The average annual national soil loss rate in 2014 was 29 tons per hectare. Land degradation is prevalent in the Shire River Basin.

22. **Deforestation:** Malawi heavily relies on wood fuel as a major source of energy for cooking and heating, with an estimated 96 percent of the total population using fuelwood for cooking in the form of firewood and charcoal. Deforestation is recognized as a significant driver of the loss of biodiversity and ecosystem services; Deforestation is estimated to be responsible for 33,000 hectares of land cover loss in Malawi each year. It is primarily attributed to agricultural expansion, tobacco cultivation, and excessive biomass use.

23. Increased afforestation and reforestation, promotion of agroforestry, rehabilitation of degraded land, and implementation of

⁴⁵ 1 Vargus R. and Omuto, C. (2016). Soil Loss Assessment in Malawi. FAO, UNEP and UNDP and MoAIWD. Available at http://unpei.org/sites/default/files/Soil_Loss_Assessment_in%20Malawi.pdf

merchandise export earnings in 2010⁴⁶. Through Community Based Natural Resources Management, especially in National Parks and Forest Reserves, communities have been able to integrate biodiversity conservation and rural development to contribute to rural poverty alleviation. Communities practice promote eco-tourism, and carry out income-generating activities like mushroom production and beekeeping, thereby taking away pressures on natural resources⁴⁷

26. **Crop pest and disease outbreaks**, such as locust, fall armyworms, Panama disease for banana, are increasing threats that are affecting crop production and productivity. Overall, climate change is expected to reduce the country's food supply and this has major implications on the lives of the rural poor, further harming development progress across sectors.
27. **Climate mitigation:** The goal of Malawi's NDCs is to encourage the country's transition to a low-carbon, climate-resilient growth path. The NDCs highlight adaptation measures that also have mitigation advantages. A detailed assessment of identified GHG mitigation options for Malawi estimates a total emissions reduction potential of around 17.7 million tCO2e in 2040 against the BAU scenario emissions in the same year of 34.6 million tCO2e, equivalent to a reduction of 51 percent. To mitigate greenhouse gas emissions, renewable energy, regeneration, and reforestation are seen as primary drivers.
28. **Climate adaptation:** The World Bank (2018) describes Malawi as particularly prone and exposed to adverse climate hazards including dry spells, seasonal droughts, intense rainfall, ravine floods and flash floods. Sensitivity to climate change is affected by many factors including high population density and high poverty levels. Additionally, over 80% of people in Malawi depend on rain-fed agriculture and natural resources which are climate sensitive sectors⁴⁸. This makes the Malawi economy very sensitive to climatic hazards. Agriculture, water, ecosystems, and biodiversity are given top priority in the NDC when it comes to adaptation measures. The National Resilience Strategy (GoM 2017) has four pillars which include: a) resilient agriculture; b) disaster risk management; c) human capacity development; and d) catchment protection and management.

Climate trends and impact

29. **Historical trends:** Changes in climate have been evident from the late 1990s to the present. Most significant are changes in the start, length and quality of the rain season, increased frequency and intensity of climate-related disasters, especially prolonged droughts and flooding, heavy downpours, accompanied by strong winds and mudslides, also leading to flash floods. The recent Cyclone Freddy in March 2023 has displaced at least 553,614 people in southern Malawi, with 507 deaths and 537 people unaccounted for, according to Malawi's Department of Disaster Management Affairs⁴⁹. Stakeholders raised temperature and precipitation unpredictability, particularly in vulnerable catchments and watersheds, as issues of concern.
30. **Temperature projections:** Temperatures are expected to rise by 1.5 degrees Celsius, 2 degrees Celsius, and 2.3 degrees Celsius by 2030, 2050, and 2070, respectively (see maps below). These findings are comparable to those of the World Bank, the Malawian

⁴⁶ CBD 5th National Report Malawi. <https://www.cbd.int/doc/world/mw/mw-nr-05-en.doc>

⁴⁷ [National Biodiversity Strategy and Action Plan II 2015-2025.pdf](#)

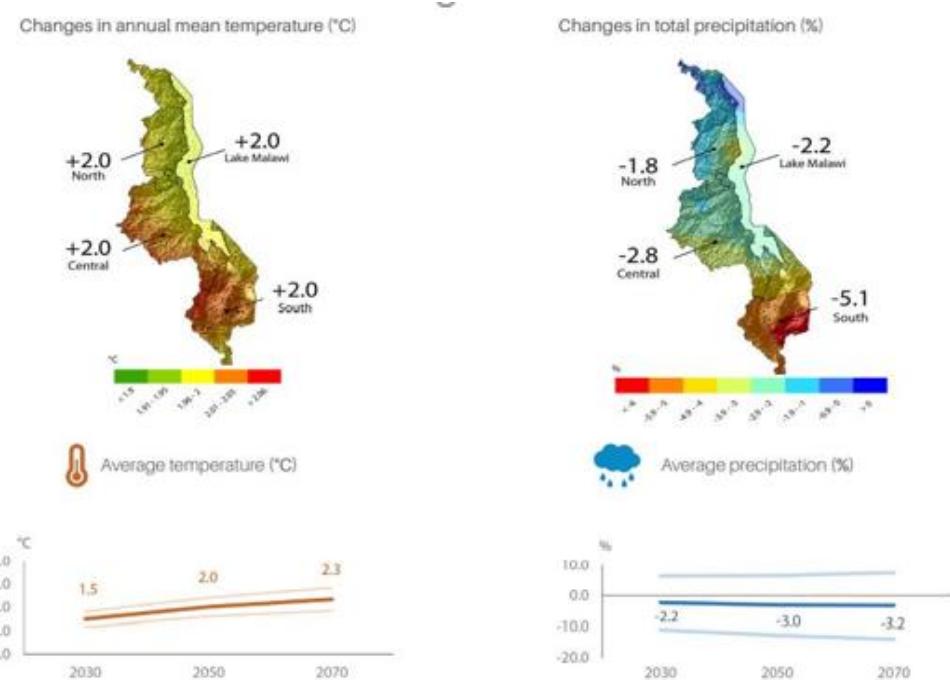
⁴⁸ World Bank Climate-Smart Agriculture in Malawi (2019)

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

⁴⁹ [Malawi: Tropical Cyclone Freddy - Flash Update No. 12 \(7 April 2023\) - Malawi | ReliefWeb](#)

government (2011), and UMFULA⁵⁰⁵¹⁵². The central and southern regions are more likely to experience such warming.

31. Precipitation projection: Annual rainfall projections are less conclusive; some models predict a decrease by 2070, while others predict an increase. The average of all models predicts decreases of 2.2 percent, 3.0 percent, and 3.2 percent in 2030, 2050, and 2070 (26) (9) (16). The decrease in rainfall is expected to be greater in the south (-5.1 percent) than in the north (-1.8 percent). Despite the inconsistency in future rainfall trends, there is general agreement that rainfall is likely to become more variable, with increased risk of above-normal rainfall resulting in floods, but also more dry days per year. Such changes are likely to have a negative impact on the agricultural sector, including a reduction for land suitable for agricultural production. The southern region is particularly vulnerable due to more pronounced warming and decreased rainfall.



32. Figure 4. Temperature and precipitation trends predicted for Malawi by 2050⁵³

33. The targeted adaptation assessment provides more details about the projections and impacts of climate trends and extremes in the targeted districts.

2.3 Target group profiles

34. SAPP II is expected to reach an estimated 80,000 smallholder households equivalent to 400,000 people). This will include 50% women, 30% youth and 5% PWDs and other

⁵⁰<https://malawi.un.org/sites/default/files/2022-05/IPCpercent20Malawipercent20Chronicpercent20Foodpercent20Insecuritypercent20Snapshotpercent20percent20Maypercent202022.pdf>

⁵¹MW2063- Malawi Vision 2063 Document.pdf (un.org)

⁵²[English_13.10.20-NUTRITION-STRATEGY-2020-2024-ABRIDGED-VERSION.pdf \(dnhamalawi.org\)](https://english.13.10.20-NUTRITION-STRATEGY-2020-2024-ABRIDGED-VERSION.pdf)

⁵³https://climateknowledgeportal.worldbank.org/sites/default/files/2019-06/CSApercent20_Profile_Malawi.pdf

vulnerable groups. The project design identified the following target groups from the following socio-economic groups:

- (a) Rural food insecure households, who have limited land access and few productive assets (20% of project target). These will receive support on agricultural production and climate adaptation and mitigation interventions. A significant proportion of these households are likely to be female-headed households and individuals vulnerable to malnutrition (women of reproductive age and children under five years of age), youth, the elderly, persons with disabilities, persons living with HIV/AIDS and other vulnerable groups
 - (b) Moderately food insecure producers (25% of project target) involved in low-productivity subsistence crop and livestock farming, and in need of support to produce surplus to become market oriented. These will receive support to improve their agricultural and marketing.
 - (c) Market-potential smallholders (55% of project target) that are facing fewer productivity constraints, comprising economically active small and medium holder's enterprises requiring support for strengthened production, and possibly previous beneficiaries of SAPP. These are included in SAPP II interventions because they have the ability to support poor smallholders in commercial agricultural production acting as lead farmers and co-investments in FFS demonstrations. Mixed groups also decrease risks in rural finance.
35. SAPP II will use participatory rural appraisal (PRA) approaches and community processes to identify participating EPAs based on the selection criteria above. Through participatory community-based beneficiary identification processes, SAP II will ensure the inclusion of poor women, men, young females and males, PWDs and other vulnerable farmers. These processes will ensure the monitoring of the delivery of those benefits and community engagement throughout the project cycle. The community targeting will be validated through the traditional authorities and Village Development Committees. This will be conducted during the first year of implementation. The selection of potential value chains with the highest possible degree of inclusion of target groups will be informed by the value chain studies.

3. Institutional analysis

The project is aligned with the Government of Malawi's policies and regulations listed below.

Policies and regulations governing social mainstreaming

36. Malawi 2063⁵⁴ 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. It envisages the improvement of livelihoods and resilience to promote access to and consumption of diverse diets among young children and pregnant women, ensure access to nutritious food, especially in the first 1,000 days of life, to improve cognitive development.

⁵⁴[MW2063- Malawi Vision 2063 Document.pdf \(un.org\)](http://un.org)

37. Management Agriculture Sector Food and Nutrition Strategy (ASFNS) (2020-2024)⁵⁵. The strategy intends to achieve five strategic objectives as follows: stable availability of food from all the six food groups through sustainable and diversified production; promote social behavior change for improved dietary practices; promote gender integration, women and community empowerment and participation for improved food and nutrition security and to create and strengthen an enabling environment for effective delivery of food and nutrition programs.
38. National Resilience Strategy (NRS) 2018-2030. The goal is to have a country free of chronic vulnerability, and food, and nutrition insecurity, where sustainable economic development creates opportunities for everyone, and where people are resilient to economic and environmental shocks that affect their lives and livelihoods.
39. Malawi Growth and Development Strategy 2017-2022 (MGDS III) - (updated version not yet available): Focuses on agriculture, climate change, education and skills development, transport and ICT, health and population.
40. National Multi-Sector Nutrition Policy (NMNP) 2018- 2022⁵⁶ The priority action areas are: prevention of undernutrition; gender equality, equity, protection, participation, and empowerment for improved nutrition; prevention and management of overweight and nutrition-related Non Communicable diseases; nutrition education, social mobilisation, and positive behaviour change; creating an enabling environment for nutrition by strengthening coordination at all levels.
41. The National Agriculture Policy (NAP) promotes nutrition-sensitive food and agriculture-based approaches including production of diversified foods and dietary diversification. It also promotes integrated homestead farming, production and consumption of nutrient dense foods, more capital-intensive forms of agriculture (cash crops, livestock, and aquaculture), market access, and ensuring sustainable food and nutrition security for all Malawians
42. Malawi Food systems transformation pathways in support of the 2030 agenda⁵⁷, has identified priority actions to be addressed in the medium term (10 years). They include to: promote production of nutrient rich foods at both household and commercial levels, prioritised financing in research and extension across the crops, livestock, and fisheries sectors, community based, social and behaviour change communication towards mind set change on food waste in cultural and traditional events; increased government and private sector investment in market linkages and infrastructure along value chains; specific, community owned agro-processing factories, establish food safety risk monitoring systems at all levels, reduce food loss and waste and extend produce shelf-life, maximise economic benefits of existing small-scale producers; food price stabilisation mechanisms to deter price volatility and give relief to the most vulnerable populations among others.
43. National Gender Policy⁵⁸ aims to mainstream gender in the national development process to enhance participation of women and men, girls, and boys at individual, household, and community levels for sustainable and equitable development. It also promotes a holistic approach to gender equality and social protection, poverty reduction through

⁵⁵[English_13.10.20-NUTRITION-STRATEGY-2020-2024-ABRIDGED-VERSION.pdf](https://dnhamalawi.org/English_13.10.20-NUTRITION-STRATEGY-2020-2024-ABRIDGED-VERSION.pdf)
(dnhamalawi.org)

⁵⁶[Malawi National Multi-Sector Nutrition Policy 2018-2022 \(who.int\)](https://www.who.int/nutrition/policy/malawi_national_multi-sector_nutrition_policy_2018-2022.pdf)

⁵⁷<https://summitdialogues.org/wp-content/uploads/2021/09/National-Pathway-Report-Malawi.pdf>

⁵⁸<https://cepa.rmportal.net/Library/government-publications/Nationalpercent20Genderpercent20Policypercent202015.pdf>

microfinance, and sustaining livelihoods of ultra-poor households using cash transfers; strengthening gender mainstreaming in the agriculture, food and nutrition security sectors and in the natural resources and environment and climate change in order to achieve equality and sustainable environmental development, reduce poverty among women and other vulnerable groups through economic empowerment, and promote women's participation in politics and decision making.

44. National Youth Policy Malawi aims at ensuring healthy and productive young people through promotion of general health, and non-discriminatory sexual reproductive health and rights of young people. Provision of nutrition education in general and in the context of HIV and AIDS to youth is advocated and provided. Promotion of programmes that address lifestyle related disease and participation in physical fitness among the youth.

Policies and regulations governing climate and the environment

45. Malawi is a signatory to the following environmental treaties: The United Nations Convention to Combat Desertification, The Kyoto Protocol; The Nagoya Protocol, The Paris Agreement is a 2015 international climate treaty; The International Plant Protection Convention (IPPC) and The Cartagena Protocol on Biosafety to the Convention on Biological Diversity.
46. The Government of Malawi has committed to addressing climate change and promoting resilience. As a result, it has a variety of strategies and policies in place to address the challenges of current climate variability, shocks, and future climate change. High-level strategies such as Malawi's Vision 2063 and the MGDS are examples of these.
47. The Nationally Determined Contribution (NDC) - affirms the government's commitment to fully addressing climate change issues and responding to adverse effects and impacts in accordance with the Paris Agreement provisions.
48. The National Climate Change Management Policy (NCCMP) promotes climate change adaptation and mitigation for sustainable livelihoods through measures that improve human well-being and social equity while pursuing economic development that significantly reduces environmental risks and ecological scarcity.
49. The National Climate Change Investment Plan (NCCIP) 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 programs to enable its implementation: 1) Adaptation Investments: a. Integrated Watershed Management Programme; b. Improving Climate Change Adaptation; c. Climate Change Research, Technology Development, and Transfer; and capacity building.
50. The National Adaptation Program of Action (NAPA) - The NAPA's top four priority areas are: (1) sustaining life and livelihoods for the most vulnerable communities, (2) improving food security and developing community-based seed and food storage systems, (3) improving crop production through the use of appropriate technologies, and (4) increasing the resilience of food production systems to erratic rains by promoting sustainable maize and vegetable production.
51. The National Disaster Risk Management (NDRM) Policy - overall goal to sustainably reduce disaster losses in lives and in communities' and the nation's social, economic, and environmental assets. The policy covers Disaster Risk Reduction (DRR), preparedness, mitigation, response, and recovery.
52. These primary instruments are supported by three major environmental policies: Environmental Management Act (EMA) (2017). The EMA, in conjunction with the upcoming

establishment of the EPA, allows for a more localized distribution of funding and decision-making, as well as the opportunity to accelerate the decentralization process and improve coordination between officers and institutions at the district and sub-district levels. Sections 24, 25, 26, 27, 29, and 63, 69, and 76 of the EMA make environmental impact assessments (EIAs) a statutory requirement and outline the EIA process.

53. National Environmental Policy (NEP) 2014 - The NEP aims to promote sustainable development through efficient and sound environmental management; (iii) Environment Management Act (1996) outlines specific legislation providing guidelines and procedures for EIA legislation.
54. The National Environment Action Plan (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 a general lack of human-environment conditions
55. Contingency Plans from the Department of Disaster Management Affairs (DoDMA). It is in charge of preparing for and responding to weather and climate-related disasters such as floods and droughts.

4. Environmental and social category

56. According to the SECAP screening tool, the proposed environmental and social category for SAPP II is moderate. Given its geographical location and the limited scale of its intervention (no infrastructure), the project will have no impact on sensitive areas or result in the loss of natural habitat or biodiversity. SAPP II interventions will be limited to existing cultivated and fallow lands, and activities will not take place in areas prone to geophysical hazards, so the risk to agriculture, livestock, and small-scale infrastructure is considered minimal.
57. Potential environmental risks may arise from introduction of adapted crop varieties and tree seedlings leading to unintended pests and diseases, as well as potential unintended increase in the use of fertilisers and pesticides due to increased productivity. Priority will be given to sustainable management of productive resources (soil, land, and water) with activities supporting the promotion of Good Agricultural Practices (GAP), soil and water conservation, energy saving technologies, soil fertility improvement, conservation agriculture, and awareness on environmental conservation and management practices. The project will endeavor to replace chemical inputs with eco-friendly inorganic fertilisers and pesticides, and to promote integrated pest management.
58. Social risks may arise from unintended child labour, nutrition and negative gender impacts due to degradation of ecosystem services, increased production and reduced occupational safety and health. The project places a strong emphasis on social inclusion, with ambitious goals for the inclusion of women, youth. Inclusion of women, youth, and, where possible, people with disabilities in the development of value chains and strategic investment plans will facilitate their participation. The ECSMP matrix provides for elaborate mitigation and monitoring/surveillance measures to prevent/limit child labour, occupational health and safety as well as poor working conditions. The project is also promoting the GALs methodology at household level to encourage sharing of labour roles at farm and household levels, to reduce the burden on women and create awareness on GBV prevention.

5. Climate risk category

59. According to the SECAP screening tool, the project's climate risk category is substantial. The following are the main themes and steps taken to assess climate risks. A targeted

adaptation assessment lays down specific adaptation actions to implement throughout the project:

60. According to the Think Hazard report, the project intervention area is prone to flooding, landslides, drought, cyclones, extreme heat, and wildfires. The CLEAR tool will be used to assess climate hazard hotspots, and decisions will be made on whether such areas should be avoided or appropriate adaptive measures should be integrated into project interventions. Similarly, climate scenarios forecast changes in temperature, variability, and the intensity and frequency of extreme events. The CLEAR tool will direct project intervention locations in light of the aforementioned climate change and its potential impacts on households and commodities.
61. Evaluation of Exposure: Crop and livestock production are frequently impacted by rainfall variability, extended droughts, cyclones, temperature changes, and pest and disease outbreaks. SAPP will promote the sustainable use of water. Efforts will be made to promote integrated pest management and environmentally friendly fertilisers, as well as the selection of climate resilient crops and infrastructure.
62. The only positive response to sensitivity screening questions is multidimensional poverty, which is greater than 0.1. SAPP II will support vulnerable households to participate in climate smart value chains in order to increase their incomes and standard of living.
63. Adaptation capacity and climate resilience: One of the project's primary goals is to increase resilience to climatic shocks and stress. The project's practical adjustments will be used to reduce losses and damages from climate change impacts on target beneficiaries, as well as to strengthen local climate adaptation capacities.
64. The high vulnerability of the target beneficiaries to climate-related shocks, will pose a risk to the project achieving its objectives. Extreme weather events (droughts or floods), such as those experienced in 2015, 2016, 2022 and recently 2023, may disturb the expected development trajectory of the smallholder producers or negatively affect the rain fed agricultural production system. The climate risk category is thus assessed as Substantial.

6. Recommendations for project design and implementation

Key social and environmental issues are summarised below. Recommendations to address these issues are provided in Table 1, as well as in the targeted adaptation assessment annexed.

Key Social issues to consider for design

65. High dependency ratio is one of main drivers of poverty: The high dependency rates are mainly attributable to high youth dependency rates. With 43 percent of the population, under 15 and only 2.6 percent aged 65 or over, engaging the youth in both on-farm and off-farm job opportunities will empower them economically and reduce the dependency ratio. This should be complemented with skills development, training, access to finance and other technical support to increase youth employability.
66. Malnutrition remains a major public health concern: One of the underlying causes are poor diets, which lack diversity. SAPP has been successful in establishing home gardens and these should be scaled up particularly for the food deficit poor in SAPP II and combined with a strong behaviour change and nutrition education package to influence dietary patterns, particularly for children under two years and women of reproductive age. Investments in VCs that are nutrient rich and also with high market value should also be promoted to make healthy diets affordable and more available to the rural poor either from own production or from local markets.

67. While many women are already involved in small-scale farming and operating informal businesses, they lack technical and financial support to formalise and scale up their livelihood activities. There is potential to transform the agricultural sector to implement programmes to achieve economic empowerment, while prompting more gender equitable norms and practices to advance gender equality.
68. Modernization of agriculture through the incorporation of ICT and other modern energy saving technologies and tools to make agriculture attractive to the youth should be encouraged. This will reduce workloads for women
69. SAPP II should facilitate access to productive assets, such as land preparation tools and technologies, as well as access to agricultural land and other factors of production for the youth, women and vulnerable groups who fail to access these resources due to culture, gender and / or other socio-economic factors
70. The promotion, provision and dissemination of youth and gender tailored information and provision of agricultural support and extension for advanced training targeting out of school youth for increased agricultural production, agro-processing and marketing should be facilitated;

Key issues to consider for climate and environment

71. Dependence on natural resources is high, as is vulnerability. The majority of Malawian smallholders rely heavily on natural resources such as good cultivable soils, grazing lands, firewood, and water.
72. Natural resource base availability and quality are steadily declining, owing primarily to poor management. This process is frequently self-reinforcing: low investments in soil fertility reduce crop yields, forcing people to resort to charcoal production, which increases erosion, and so on. This trend can be reversed by increasing investments in good agricultural practices.
73. Extreme events (droughts, floods, cyclones) are becoming more common. Smallholder farmers are extremely vulnerable to climatic shocks such as floods and droughts because they lack any buffers or alternative income streams. Building resilience and embracing innovative disaster risk reduction financing instruments are critical.
74. Rural people in Malawi need more diversified livelihoods to cushion them against devastating shocks to extreme events. They need financial instruments like crop or livestock insurance accessible to small-scale producers. They need climate-resilient infrastructure and restored ecosystems that can protect against increasing extreme weather impacts.

Table 1. Recommendations for specific stages of the value chain

Climate / environmental / social risks	Risk management opportunities
Pre-production	
Input supply disruption caused by a climate-related disaster	<ul style="list-style-type: none"> - Conservation agriculture and integrated soil fertility management (ISFM) and integrated pest management activities also contribute to reducing reliance on synthetic fertilisers, herbicides and pesticides. - Strengthen community seed production and post-harvest processes (capacity building system/seed bank, etc.) to reduce dependence on the external seed distribution network. - Enable the provision of seasonal and short-term forecasts in formats that are usable and accessible by farmers. - Crop or livestock Insurance - Enable access to climate information - Consider introducing the PICSA approach⁵⁹
Increased income from value chains may encourage more land clearing, affecting the local microclimate and exacerbating climatic hazards, as well as having a negative impact on nutrition.	<ul style="list-style-type: none"> - Undertake participatory mapping and land use planning; and undertake remote sensing-based landscape monitoring. - Analysis and selection of VCs that are pro-poor and opportunities for women empowerment and economic opportunities for the youth and those that positively contribute to nutrition. - Combine these interventions with nutrition education to promote dietary diversity particularly of the most vulnerable individuals in the population.
Production	
Problems with water management (increased crop evapotranspiration; soil water loss; changes in precipitation amount and timing; more variable river runoff; decreased groundwater recharge, water contamination and so on.)	<ul style="list-style-type: none"> - Adopt water conservation and efficiency measures such as water harvesting, efficient irrigation infrastructure, check dams, flood management and drainage. - Where groundwater sources are used for irrigation, they should be integrated with efficient use technologies and groundwater replenishment measures. - Include messages on water, sanitation and health to avoid negative health impacts at the community level due to water pollution and contamination.
Farmers are vulnerable to environmental and climate losses, as well as reduced dietary diversity, when they practice monoculture.	<ul style="list-style-type: none"> - Promote sustainable intensification, diversified cropping systems through crop rotation, intercropping, agroforestry, and mixed crop/livestock systems. - Promote neglected and underutilized species that are climate resilient and have high nutritional value

⁵⁹PICSA means 'Participatory Integrated Climate Services for Agriculture'. <https://ccafs.cgiar.org/index.php/resources/tools/participatory-integratedclimate-services-agriculture-picfa>

<p>Some localized infrastructure (fields, irrigation systems, etc.) is vulnerable to flooding, forest fires, high winds, and other natural disasters.</p>	<ul style="list-style-type: none"> - Include physical risk management structures at the operational level (e.g. windbreaks, flood barriers, firebreaks); upgrade or relocate sensitive infrastructure, etc.
<p>Inability to manage production dynamically due to a lack of local knowledge</p>	<ul style="list-style-type: none"> - Invest in local capacity for planning, monitoring, decision making and financial management; - Transfer control to local institutions; - Provide training on climate issues and support for farmer based research and knowledge systems; - Include smallholders in policy dialogue and scenario building exercises. - Access to productive resources, technology and extension services inputs to the poor small scale farmers, women and youth
<u>Post-Production</u>	
<p>Extreme climatic conditions (such as floods, heat waves, storms).</p>	<ul style="list-style-type: none"> - Use hazard exposure and crop suitability maps to inform the location of processing facilities; retrofit processing facilities with protective devices; facilitate the establishment of an insurance scheme for processing facilities against extreme weather events and preparedness to respond to disasters.
<p>Temperature and humidity increases can either increase or decrease post-harvest losses and waste, as well as have an effect on food security.</p>	<ul style="list-style-type: none"> - Design suitable packaging materials in conjunction with waste management and storage strategies; For aflatoxin - Food safety concerns including contamination in maize and peanuts, integrate Aflasafe into a comprehensive pre- and post-harvest product management strategy.
<p>Infrastructure and roadways that are subjected to higher peak levels of wind, precipitation, and temperature stress.</p>	<ul style="list-style-type: none"> - Introduce safeguards and reinforcements in the design of critical infrastructure to handle higher peak runoff and higher temperatures; improve ventilation in buildings; harvest excess water and energy from roofs and appliances; use early warning systems.
<p>Water availability is becoming increasingly erratic, and there is growing competition for this scarce resource from both domestic and agricultural uses areas.</p>	<ul style="list-style-type: none"> - Increase water storage and distribution capacity (water harvesting, communal ponds, groundwater recharge); introduce water efficiency measures on the demand side; support conflict resolution for different water users (e.g. water user groups). - Promote the use of grey water in kitchen gardens

7. Further studies needed

Table 2. Further studies required for SAPP II

SECAP ASSESSMENT	TIMELINE	INDICATIVE COST (USD)
Environment, Climate and Social Management Framework (ECSMF), <i>Only if environment and social risk changes at design</i>	Design stage	20,000 - 50,000
Environment, Climate and Social Management Plan (ECSMP),	Design stage	15,000 - 30,000
Targeted Adaptation Assessment	Design stage	20,000-40,000
Pest Management Plan	Design stage	PMP can be included as part of the ESIA or ESCMF.
Grievance redress mechanism (GRM)	Design stage	GRM can be included as part of the ESIA or ESCMF.
Stakeholder Engagement Plan (SEP)	Design stage	SEP can be included as part of the ESIA or ESCMF.

All these studies were undertaken at Design and can be found as annexes to the Review Note.

8. Monitoring and evaluation

75. The Project will utilise M&E indicators in the logical framework to measure climate resilience, natural resource management (NRM) practices, nutrition, gender, youth, and broader social inclusion concerns. Whenever practicable, all indicators centered on people will be disaggregated by gender and age. The monitoring plan will identify monitoring indicators at various levels, monitoring parameters, monitoring frequency, monitoring responsibility, and cost. The ESCMP matrix identifies critical roles and responsibilities for the design and implementation of environmental and social safeguards (Table 3). The preliminary ESCMP matrix will be refined and incorporated into the project's implementation manual throughout its duration. For tracking emissions, the FAO, EXACT Tool GHG emissions accounting will be used. During the design phase, preliminary calculations will be performed, followed by analysis at the midterm and completion of the project. The project management team and IFAD will oversee SECAP procurement activities and budgets.

Table 3: Environment, Social and Climate Management Plan Matrix

ESCMP Matrix						
Environmental/ Social and climate Impacts	Recommended Mitigation/Enhanceme nt measures	Public Consultation Activities	Responsible Insti tutio n In Impl eme ntati on Phas e	Means of Verification (Monitoring and reporting)	Frequency of Verification	Cost Estimate
Social Impacts						
Labour and working conditions The risks are child labour due to high dropout rates, working during school holidays, heavy labour burden on women, occupational health/injuries risks during NRM works, and poor	The ECSMP matrix provides for elaborate mitigation and monitoring/surveillance measures to prevent/limit child labour, occupational health and safety as well as poor working conditions. The project is also promoting the GALs methodology at household level to encourage sharing of labour roles at farm and	Community awareness sessions on child labour laws, gender aware	GoM, Partners and private sector stakeholders	Supervision and other monitoring reports	Semi-annual	Project implementation costs

	working conditions of workers working with partners and service providers	household levels, to reduce the burden on women.	enes s an d re dr es s m ec ha ni s m s				
Increased GBV due to backlash on increasing women empowerment	Gender trainings and interventions to include 'male engagement for women empowerment sessions" and linkage to GOM GBV reporting procedures	Through GOM and partners	GOM, partners	Supervision	Every 6 months	Project implementation costs	
Negative effects on household dietary diversity	The project will incorporate nutrition education and social behaviour change communication to promote healthy diets and dietary diversity either from own production or from markets and also	Through nutrition education and SBC activities	GOM and partners	Through nutrition COI indicators and supervision	Baseline, mid and end line Annual	Not/Applicable-to be integrated into the project overall budget	

	support the establishment of integrated home gardens for the most vulnerable populations for household dietary needs	ities					
Environment Impacts							
Loss of vegetation and targeted project sites	Establishment of tree nurseries including tree seedlings for natural trees Promote agroforestry Re-plant and re-vegetate	Training of farmers	MoAIWD Departments; DESC	Vegetative buffer zones - Ha out-planted with trees and that under natural regeneration - Number of farmers practising agroforestry	Every six months	Project implementation costs	
Loss of habitat for wild animals Loss of biodiversity mice, snakes	Maintain some trees around as tree belts Afforestation within local villages Develop Strategy to protect/restore biodiversity.	Sensitisation of Farmers on environmental protection	MoAIWD Departments; DESC	-Vegetative buffer zones -Number of trees planted -Biodiversity retained	Every six months	Project implementation costs	
Increase in exposure of soil	-Increase in surface runoff and soil erosion due to -Implement soil conservation measures within all the fields (check dams, box ridges) -Promote CA for increased infiltration	- C at ch m en t m ee ti ng s Participatory dam surveys	MoAIWD Departments; DESC;	Ha under CA Ha, under Soil and Water conservation measures – box ridges, check dams.	Every six months	Project implementation costs	

Risks of salinization	Apply correct amount of fertilizers Add lime to soil where there are problems of salinization	Training of farmers	MoAIWD Departments; DESC;	Regulation of correct fertilizers to soils	Annually	Project implementation costs
Disturbance to the growth of micro-organisms	Use correct amount of fertilizers in fields Use of a combination of organic fertilizers; minimum tillage and recycling of crop residues	Training of farmers	MoAIWD Departments; DESC;	Use of organic fertilizers, minimum tillage and residue recycling methods	Every six months	Not applicable
Increase in suspended solids and sediments delivery into surface water resources.	Water harvesting measures (box ridges, check dams) and improvement of soil infiltration		MoAIWD Departments; DESC	Water harvesting/land conservation measures in place	Every six months	Project implementation costs
Exposure and pollution from agrochemicals	Refer to PMP recommendations	Training of farmers on water pollution management	MoAIWD Departments; DESC;	Protective measures implemented as recommended in PMP	Every six months	Project implementation costs
Increase in siltation	Maintenance of vegetative	-	MoAIWD Depart	Vegetative buffer	Every six months	Project imple

		buffer zone along rivers to minimises soil erosion into rivers	at ch m en t m ee ti ng s Participator y da m su rv ey s	ments; DESC;	zones along rivers		menta tion costs
Poor post-harvest management	<ul style="list-style-type: none"> -Train farmers on post-harvest management including value-added processing techniques, food safety protocols and quality standards for horticultural commodities - Infrastructure development is critical at irrigation scheme level e.g. cold rooms, shade nets to maintain quality of produce -Facilitate research and development of appropriate post-harvest 	<ul style="list-style-type: none"> -Training on Post-Harvest Management - Participatory research and development to reduce 	PMU, MoAIWD Departments; DESC;	Training reports, research and development reports, seasonal roadmap	Seasonal	Project	implementation costs

	technologies to help reduce post-harvest losses.	losses					
Climate Impacts							
Increased frequencies and intensity of extreme weather events (extreme heat, droughts, storms, cyclones, floods)	<ul style="list-style-type: none"> - Promote use of climate resilient cropping systems and practices to offer important adaptation benefits. - Introduce crop diversification and the promotion of agricultural practices that are better adapted to changing climate - Promote drought tolerant crops where applicable - Enhance and improve agro-meteorological infrastructure to provide timely information services to the project beneficiaries such as cooperatives public and private investors and other value chain actors. 	<p>Training and education of farmers on climate smart technologies and accurate weather/climate information provision</p> <p>Timely</p>	<p>MoAIWD Departments; DESC;</p>	<p>Training reports, records of weather/climate information, capacitate extension staff, improved yields</p>	Seasonal	Project implementation costs	

	<ul style="list-style-type: none"> - Identifying high ground/ appropriate siting for infrastructure development to mitigate flood risks - Adopt climate smart technologies (sustainable land management, water harvesting technologies; clean energy and conservation of forests ecosystems) <p>Facilitate timeous and accurate climate and weather information advisories</p>	Capacitating tec hni cal sta ff on cli ma te int egr ati on			
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Malawi

Sustainable Agricultural Production Programme - Phase 2 Project Design Report

Annex 5: Social Environment and Climate Assessment (SECAP) Review Note

Mission Dates: 12 - 23 June 2023

Document Date: 17/11/2023

Project No. 2000004511

Report No. 6603-MW

East and Southern Africa Division
Programme Management Department

The SECAP Review note should build on the preliminary note mentioned above, draw on the results of the screening exercise and be informed by the issues raised during the design mission, the stakeholders interviews, publicly available tools and dataset, and environmental, social or climate-related studies that inform on the characteristics of the project location. The SECAP review note includes the revised ESMP and should be attached to the Project Design Report, integrated in Draft Project Implementation Manual (PIM) and COSTAB and shall be submitted to Design Review Meeting (DRM) or IRC (for NSOs).

1. Introduction

1. The purpose of this document is to provide elements of context and guidance for the Sustainable Agricultural Production Programme Second Phase (SAPP II) in Malawi, to better integrate social, environmental and climate dimensions. The SECAP Review Note describes the main socio-economic, climate and environmental trends in the Project's target areas and analyses the potential risks related to SAPP II implementation. The primary objectives of this review note are:
 1. To conduct a strategic evaluation of Malawi's current and future environmental and social impact on poverty reduction, community resilience, and social inclusion activities; and
 2. To propose social inclusion and climate change adaptation and mitigation measures, as well as the project's contribution to achieving the Sustainable Development Goals (SDGs) and Nationally Determined Contributions (NDCs).
2. In line with the government's request, SAPP II will be implemented in 4 Districts; Lilongwe Rural and Balaka, which were part of the SAPP phase one and two new ones namely, Mzimba and Dowa. The districts cut across the Northern, Central and Southern regions.
3. In terms of methodology, data was collected through an extensive literature review, use of online tools, and consultations with stakeholders. This review note is informed by information and data from a variety of secondary sources, including country reports, legal, institutional, policy, and program documents from the Government of Malawi. In addition, the study includes a review of IFAD strategy papers and action plans, reports from other multilateral agencies and development partners, and findings from in-country and virtual consultations with key stakeholders.

2. Situational analysis and potential project impacts

4. Malawi's poverty rate remains high due to climate shocks, low agricultural productivity, poor post-harvest losses handling process that prevents farmers from having quality products for the market and slow structural transformation. The internationally comparable poverty headcount ratio of \$2.15 per day (2019 PPP) was 71 percent, one of the highest in the world^[1]. According to the Malawi Vulnerability Assessment Committee (MVAC), 3.8 million Malawians (roughly 20 percent of the country's population) will go hungry between November 2022 and March 2023^[2]. Malawi continues to rely on subsistence, rain fed agriculture, limiting its growth potential, making it more vulnerable to weather shocks, and causing food and nutrition insecurity.
5. Deforestation, land degradation, and water pollution from agricultural and industrial runoffs, and other environmental issues continue to plague Malawi today. The main identified social challenges are a lack of gender equality and social inclusion.

2.1 Socio-economic assessment

a. Overall poverty situation

6. Malawi is one of the most densely populated countries in Sub-Saharan Africa, with an estimated population density of **203 per km2** and a population of 20.9 million (2023) and expected to double by 2060^[3]. This has put pressure on land resources, leading to widespread degradation and deforestation and land access issues with smallholder land holdings being about 1.2 ha per household. The Chewa are the biggest population group and constitute around 90 per cent of people in the Central Region. The average household size in Malawi is 4.5 members with 3 out of 10 households headed by women. The population residing in the rural areas is 84.4 percent and the remaining 15.6 per cent in the urban area.
7. The latest (2021-2022) human development index (HDI)^[4] of Malawi stood at 169th place out of 191. The country's GDP per capita, which was \$411 in 2019 (WDI, 2021), ranks as the second lowest in the world. GDP growth was greatly curtailed by COVID-19, which saw the country registering a growth rate of only 1.0%. GDP increased to 2.5 percent in 2023, and is projected to increase to 3.9 percent in 2025^[5]. The projected Consumer Prices change is at 16.5 percent expecting to decrease by 2025.
8. **Overall poverty situation:** Malawi remains one of the poorest countries in the world despite its significant reforms to sustain economic growth. The country's economy is heavily reliant on agriculture, which employs over 80 percent of the population, and remains vulnerable to climatic shocks^[6] and therefore projected to decline. The Russia war on Ukraine has also worsened the situation, with rising fuel prices, fertilizer and other import food commodities exerting pressure on food price inflation^[7]. Although the prevalence of undernourishment decreased from 22.5 percent in 2004-2006 to 17.8 percent in 2019-2021, the prevalence of severe food insecurity increased from 47.7 percent in 2004-2006 to 51 percent in 2019-2023^[8].
9. Currently, extreme poverty remains high compared to the rest of sub-Saharan Africa (69 percent visa Vis 42 percent in 2016 (World Bank Development Research Group, 2021). Nine million people (50.7 percent) – were living in poverty in 2019 compared to 8.4 million in 2016. The vast majority (94 percent) of poor Malawians live in rural areas, making the rural poverty rate almost three times higher than the poverty rate in urban areas (57 and 19 percent respectively). The poverty rate in the rural North is much lower (36 percent) than in the Rural South and Rural Centre (57 and 63 percent, respectively). These areas are also home to 92 percent of those in extreme poverty.
10. Low agricultural productivity, limited opportunities in non-farm activities, volatile economic growth, rapid population growth, inadequate coverage of safety net programs and targeting challenges are all factors that contribute to the country's poverty. Agriculture is the main economic activity of poor households in Malawi. Ganyu labour, a type of wage labour where people are paid for the day, is another main form of livelihood. Remuneration in ganyu can be in cash or kind (e.g., food). By region, the rural Centre and rural South report more households with some agricultural activity (and with a larger proportion of households combining it with ganyu)^[9].

b. Gender

11. **Gender equality and women empowerment.** Malawi's female population is estimated at 9.2 million representing 51 percent, while the male population is approximately 8.94 million representing 49 percent. Female headed households are more likely to be poor (57 percent for female-headed and 43 percent of their male-headed households^[10]) and are disproportionately represented in the lowest quartile of income distribution. Women's poverty is directly related to their concentration in low-income activities, low access to economic and productive assets and resources such as inputs, land and capital; higher illiteracy rates, inadequate health facilities exposing them to maternal related deaths. In addition, the HIV/AIDS pandemic has had a more devastating impact on women. Laws guaranteeing inheritance and land ownership rights to women are often overridden by social norms and customs. Women are estimated to constitute 70 percent of the labour force in the agricultural sector. Only 11 percent of agricultural extension workers are female, which means that gender-specific issues may not always be addressed (UNDP, 2015). Female workers earn less per month than male workers across all economic sectors, the most prominent of which are observed in the agricultural sector. The gender gap in agricultural productivity is estimated at 7.3 percent.
12. The patriarchal nature of Malawian culture has significant consequences for women and girls whose power of self-determination is controlled by males. A majority of the power holders and gatekeepers at different levels are males and that has an impact on women's access and their participation in decision-making processes^[11]. Malawi is a signatory to key international and regional instruments and has put in place legislative and policy measures to address gender-based violence (GBV) against women and children. Most of the laws that are in place have not been effectively disseminated to the public and to duty bearers, law enforcement authorities and gatekeepers at community level. Consequently, GBV including early marriages and teenage pregnancies continue to increase, thus negatively affecting the human development capital of girls and women. Women experience high workloads in rural communities and on the farms. They are most affected by effects of environmental mismanagement such as deforestation and desertification because of the gender roles they play in land, forests and water resource utilization (GoM, 2015)^[12].

c. Youth

13. **Youth** in Malawi are defined as all persons from age 15 to 35 years regardless of their sex, race, education, culture, and religion, economic, marital and physical status. Youth are recognized as a definitive social entity that has its own specific problems, concerns, needs, and aspirations. The median age in Malawi is 18.1 years. Out of the population of 19 million, more than 49 percent are persons aged over 18 years^[13]. Literacy rate within this age bracket is estimated at 81.8 percent with slightly more males being literate (86.6 and 77 percent respectively). The youth lack basic opportunities that would enable them to develop to their full potential such as appropriate incentives and skills to engage effectively in lucrative agricultural markets. Poverty among the youth is exacerbated by lack of: land tenure, ownership of productive land, well-functioning social structures of inheritance, access to credit and financial services, advisory services and missing markets^[14].

d. Indigenous peoples

14. N/A

e. Marginalised groups

15. **Marginalised groups:** The 2018 Population and Housing Census indicates that there are 1,734,250 persons with disabilities (PWDs) in Malawi aged 5 years and above, representing about 11.6 percent of the total population. The Prevalence of HIV among adults of ages 15 to 64 years is 10.6 percent: 12.5 percent among females and 8.5 percent among males. In 2018, 4.3 percent of young women were living with HIV, compared to 2 percent of young men. This corresponds to approximately 900,000 people living with HIV (PLHIV) ages 15 to 64 years. In addition, minority groups could be considered as the smaller tribes namely the Tumbuka (9 percent), Sena (4 percent), Mang'anja (3 percent), Nyanja (2 percent), Tonga (2 percent), Nkhonde (1 percent), Lambya (1 percent) and Sukwa (1 percent) that face exclusion barriers. The government has a Social Protection Net Programme targeting these vulnerable groups and is currently running a SPARK project^[15] for PWDs.

f. Nutrition

16. **Nutrition:** Malnutrition among children under five years remains high with prevalence of stunting at 37 percent^[16], wasting at 2.6 percent and overweight 4.4 percent^[17]. Stunting prevalence is highest in Kasungu-Lilongwe Plains (40.6 percent) and lowest in Karonga-Chitipa-Rumphi-Mzimba (23.7 percent). Despite significant interventions, malnutrition remains a persistent problem in the country's rural areas (IPC 2022)^[18], where stunting is 39 percent compared to 25 percent of children in urban areas. About 15.4 percent of women of childbearing age are anaemic and 30 percent among pregnant women. The prevalence of obesity in adults is higher in urban areas compared to rural areas (37.0 percent vs 21.4)^[19]. The 2022 IPC Chronic Food Insecurity (IPC CFI Levels 3 and 4) report indicates that approximately 5.4 million people (33 percent) in Malawi living in rural and secondary urban centres are facing moderate or severe chronic food insecurity. The southern region (36 percent) is the most affected followed by the central region (32 percent) and the northern region (22 percent)^[20]. About 18 percent of households have a food consumption score (FCS) at the poverty line, and 30 percent perceived at least severe hunger in 2021 according to the Malawi Vulnerability Assessment Committee (MVAC)^[21].
17. The main drivers of food insecurity and malnutrition are multi-faceted, and are also climate change related. About 70 percent of household's experience food shortages due to lack of farm inputs, high food prices (28 percent) and weather events like drought, poor rains, and floods and water logging (20 percent) (IHS5 2019). Price inflation affecting the availability of food and fertilizers have also pushed Malawi towards a food security crisis with potential malnutrition^[22]. Recent Cost of the Diet and Household Economy Approach studies recorded a 25 percent increase in the cost of a nutritious diet (2021–2022), with substantial seasonal variations. Household food insecurity was found to be associated with low dietary diversity among pregnant and lactating women in rural Malawi^[23] with most families consuming mostly starchy foods and fats, with little protein, fruits and vegetables. Nearly half of children under five are only consuming two meals per day. Food taboos during pregnancy commonly affect women's diets and nutritional status^[24]. This is further compounded by nutrition-risk household behaviors such as inadequate food preparation, and care practices^[25]. Other issues are high prevalence of diseases, and poor access to health services and safe water.

2.2 Environment and climate context, trends and implications

18. **Location:** Malawi is a landlocked country in south-eastern Africa, bordered to the west by Zambia, to the north and northeast by Tanzania, and to the east, south, and southwest by Mozambique. The country is located between 90° 221° and 170° 031° S and 330° 401° and 350° 551° E. It has an area of 118,484 km² (45,747 square miles) [18], of which 20 percent is water. The country is divided into three regions, each with its own set of 28 districts.
19. **Agro Ecological regions:** Malawi is divided into three agro ecological zones based on soil factors, altitude, rainfall amount, duration, and variability, and temperature regimes: The Lower Shire valley is divided into three regions: i) the lakeshore plains, ii) the Upper Shire valley, and iv) the mid-altitude plateau, with the highlands sometimes counted as a fourth. (See Fig. 3) The agricultural potential of the country is much greater in the north and centre of the country (Figure 3). Kasungu, Lilongwe Plain in the central region, and Chitipa in the north, for example, have a more suitable agro ecology and higher precipitation levels (Maruyama et al., 2018). Dowa, Ntchisi, and Karonga are three other districts with high agricultural potential in the Northern and Central Regions. The potential is lower primarily in the Southern Region, which includes the districts of Balaka, Machinga, Zomba, Phalombe, Chiradzulu, and Mulanje. Low levels of rainfall and generally poor weather conditions that characterise most of the Southern Region are major contributors to the low agricultural potential.
20. SAPP II will target districts in all these regions, with a higher focus in high potential regions in the North and Centre: Lilongwe Rural, Zumba and Dowa; and one Southern district with less potential: Balaka.

a. Environmental assessment

21. Environmental and climate issues

22. **Degradation of the land:** Stakeholders consistently identified as a priority concern the increasing degradation of land resources, particularly forested and arable lands in critical catchments and watersheds across the country, because of continuous cultivation on the same land, encroachment into marginal land and protected areas, deforestation, soil erosion, and loss of soil fertility. Land degradation has resulted in a 15 percent decrease in arable land over the last decade [26]. The average annual national soil loss rate in 2014 was 29 tons per hectare. Land degradation is prevalent in the Shire River Basin.
23. **Deforestation:** Malawi heavily relies on wood fuel as a major source of energy for cooking and heating, with an estimated 96 percent of the total population using fuelwood for cooking in the form of firewood and charcoal. Deforestation is recognized as a significant driver of the loss of biodiversity and ecosystem services; Deforestation is estimated to be responsible for 33,000 hectares of land cover loss in Malawi each year. It is primarily attributed to agricultural expansion, tobacco cultivation, and excessive biomass use.
24. Increased afforestation and reforestation, promotion of agroforestry, rehabilitation of degraded land, and implementation of sustainable land management methods are all part of Malawi's plan to reach land degradation neutrality by 2040.
25. **Scarcity of water:** Surface water resource depletion (perennial rivers becoming seasonal) in catchments and watersheds across the country, as well as the resulting threats to groundwater resources, have consistently been a top priority. Malawi's water crisis affects over 11.7 million people, with 1.7 million lacking access to safe drinking water and 10 million lacking adequate sanitation. Every year, over 3,000 children under the age of five die as a result of waterborne illness. [20]
26. **Biodiversity.** Biodiversity in Malawi is important for economic, socio-cultural and ecological purposes. Biodiversity contributes significantly to the economy and poverty alleviation in Malawi. For example, agro biodiversity was estimated to contribute about 40% of the Gross Domestic Product (GDP) and more than 90% of employment and merchandise export earnings in 2010 [27]. Through Community Based Natural Resources Management, especially in National Parks and Forest Reserves, communities have been able to integrate biodiversity conservation and rural development to contribute to rural poverty alleviation. Communities practice promote eco-tourism, and carry out income-generating activities like mushroom production and beekeeping, thereby taking away pressures on natural resources [28].
27. **Crop pest and disease outbreaks**, such as locust, fall armyworms, Panama disease for banana, are increasing threats that are affecting crop production and productivity. Overall, climate change is expected to reduce the country's food supply and this has major implications on the lives of the rural poor, further harming development progress across sectors.
28. Figure 3. Agro -ecological regions of Malawi

Malawi - Agro-ecological zones

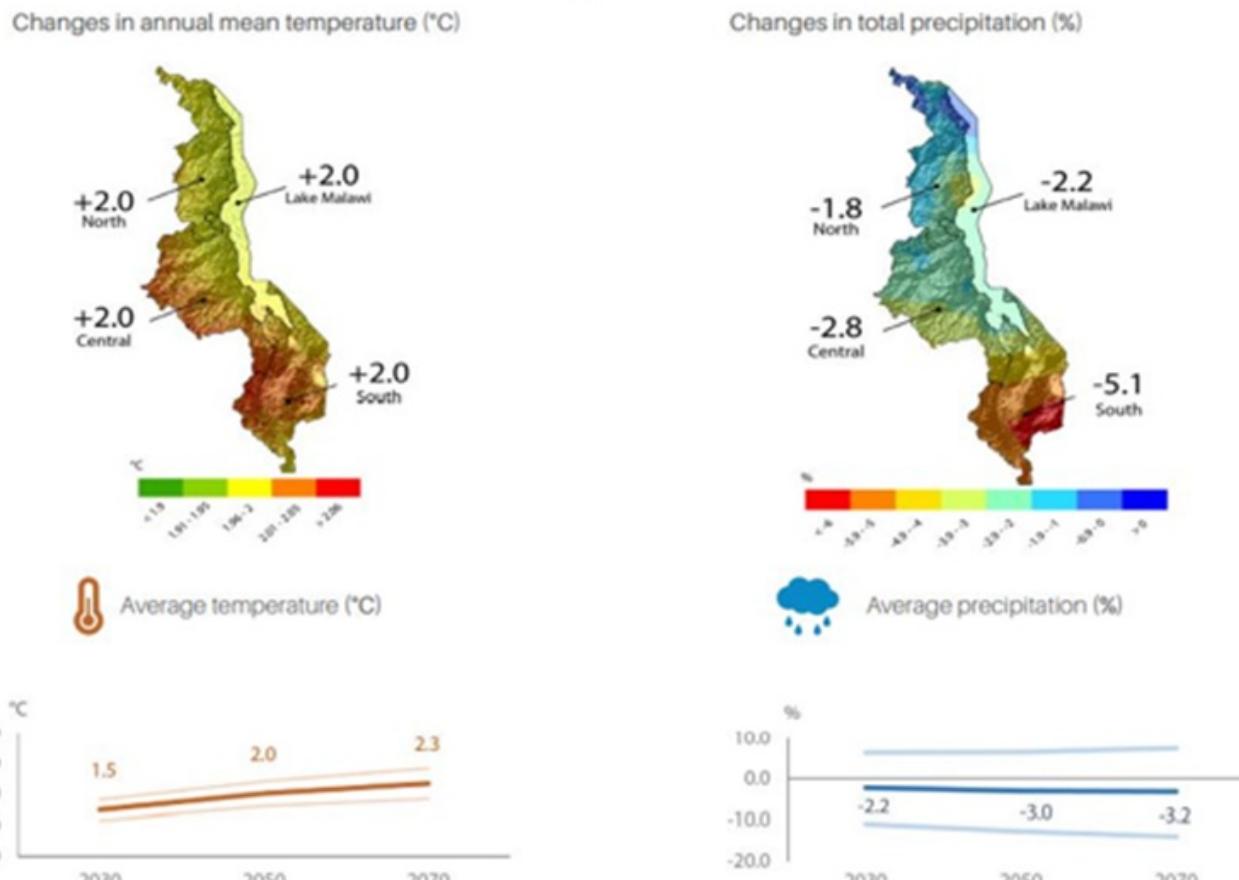


b. Climate trends and impacts

29. **Climate mitigation:** The goal of Malawi's NDCs is to encourage the country's transition to a low-carbon, climate-resilient growth path. The NDCs highlight adaptation measures that also have mitigation advantages. A detailed assessment of identified GHG mitigation options for Malawi estimates a total emissions reduction potential of around 17.7 million tCO₂e in 2040 against the BAU scenario emissions in the same year of 34.6 million tCO₂e, equivalent to a reduction of 51 percent. To mitigate greenhouse gas emissions, renewable energy, regeneration, and reforestation are seen as primary drivers.
30. **Climate adaptation:** The World Bank (2018) describes Malawi as particularly prone and exposed to adverse climate hazards including dry spells, seasonal droughts, intense rainfall, ravine floods and flash floods. Sensitivity to climate change is affected by many factors including high population density and high poverty levels. Additionally, over 80% of people in Malawi depend on rain-fed agriculture and natural resources which are climate sensitive sectors^[29]. This makes the Malawi economy very sensitive to climatic hazards. Agriculture, water, ecosystems, and biodiversity are given top priority in the NDC when it comes to adaptation measures. The National Resilience Strategy (GoM 2017) has four pillars which include: a) resilient agriculture; b) disaster risk management; c) human capacity development; and d) catchment protection and management.

c. Climate change mitigation

31. **Historical trends:** Changes in climate have been evident from the late 1990s to the present. Most significant are changes in the start, length and quality of the rain season, increased frequency and intensity of climate-related disasters, especially prolonged droughts and flooding, heavy downpours, accompanied by strong winds and mudslides, also leading to flash floods. The recent Cyclone Freddy in March 2023 has displaced at least 553,614 people in southern Malawi, with 507 deaths and 537 people unaccounted for, according to Malawi's Department of Disaster Management Affairs^[30]. Stakeholders raised temperature and precipitation unpredictability, particularly in vulnerable catchments and watersheds, as issues of concern.
32. **Temperature projections:** Temperatures are expected to rise by 1.5 degrees Celsius, 2 degrees Celsius, and 2.3 degrees Celsius by 2030, 2050, and 2070, respectively (see maps below). These findings are comparable to those of the World Bank, the Malawian government (2011), and UMFULA^{[31][32][33]}. The central and southern regions are more likely to experience such warming.
33. **Precipitation projection:** Annual rainfall projections are less conclusive; some models predict a decrease by 2070, while others predict an increase. The average of all models predicts decreases of 2.2 percent, 3.0 percent, and 3.2 percent in 2030, 2050, and 2070 (26) (9) (16). The decrease in rainfall is expected to be greater in the south (-5.1 percent) than in the north (-1.8 percent). Despite the inconsistency in future rainfall trends, there is general agreement that rainfall is likely to become more variable, with increased risk of above-normal rainfall resulting in floods, but also more dry days per year. Such changes are likely to have a negative impact on the agricultural sector, including a reduction for land suitable for agricultural production. The southern region is particularly vulnerable due to more pronounced warming and decreased rainfall.



34. Figure 4. Temperature and precipitation trends predicted for Malawi by 2050^[34]
35. The targeted adaptation assessment provides more details about the projections and impacts of climate trends and extremes in the targeted districts.

2.3 Target group profiles

36. SAPP II is expected to reach an estimated 80,000 smallholder households equivalent to 400,000 people). This will include 50% women, 30% youth and 5% PWDs and other vulnerable groups. The project design identified the following target groups from the following socio-economic groups:
- Rural food insecure households, who have limited land access and few productive assets (25% of project target). A significant proportion of these households are likely to be female-headed households and individuals vulnerable to malnutrition (women of reproductive age and children under five years of age), youth, the elderly, persons with disabilities, persons living with HIV/AIDS and other vulnerable groups
 - Moderately food insecure producers (30% of project target) involved in low-productivity subsistence crop and livestock farming, and in need of support to produce surplus to become market oriented
 - Market-potential smallholders (45% of project target) that are facing fewer productivity constraints, comprising economically active small and medium holder's enterprises requiring support for strengthened production, and possibly previous beneficiaries of SAPP first phase. These are included in SAPP II interventions because they have the ability to support poor smallholders in commercial agricultural production acting as lead farmers and co-investments in FFS demonstrations. Mixed groups also decrease risks in rural finance.
37. SAPP II will use participatory rural appraisal (PRA) approaches and community processes to identify participating EPAs based on the selection criteria above. Through participatory community-based beneficiary identification processes, SAP II will ensure the inclusion of poor women, men, young females and males, PWDs and other vulnerable farmers. These processes will ensure the monitoring of the delivery of those benefits and community engagement throughout the project cycle. The community targeting will be validated through the traditional authorities and Village Development Committees. This will be conducted during the first year of implementation. The selection of potential value chains with the highest possible degree of inclusion of target groups will be informed by the value chain studies.

3. Institutional analysis

38. The project is aligned with the Government of Malawi's policies and regulations listed below.
39. **Policies and regulations governing social mainstreaming**
40. Malawi 2063^[35] 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. It envisages the improvement of livelihoods and resilience to promote access to and consumption of diverse diets among young children and pregnant women, ensure access to nutritious food, especially in the first 1,000 days of life, to improve cognitive development.
41. Management Agriculture Sector Food and Nutrition Strategy (ASFNS) (2020-2024)^[36]. The strategy intends to achieve five strategic objectives as follows: stable availability of food from all the six food groups through sustainable and diversified production; promote social behavior change for improved dietary practices; promote gender integration, women and community empowerment and participation for improved food and nutrition security and to create and strengthen an enabling environment for effective delivery of food and nutrition programs.
42. National Resilience Strategy (NRS) 2018-2030. The goal is to have a country free of chronic vulnerability, and food, and nutrition insecurity, where sustainable economic development creates opportunities for everyone, and where people are resilient to economic and environmental shocks that affect their lives and livelihoods.
43. Malawi Growth and Development Strategy 2017-2022 (MGDS III) - (updated version not yet available): Focuses on agriculture, climate change, education and skills development, transport and ICT, health and population.
44. National Multi-Sector Nutrition Policy (NMNP) 2018- 2022^[37] The priority action areas are: prevention of undernutrition; gender equality, equity, protection, participation, and empowerment for improved nutrition; prevention and management of overweight and nutrition-related Non Communicable diseases; nutrition education, social mobilisation, and positive behaviour change; creating an enabling environment for nutrition by strengthening coordination at all levels.
45. The National Agriculture Policy (NAP) promotes nutrition-sensitive food and agriculture-based approaches including production of diversified foods and dietary diversification. It also promotes integrated homestead farming, production and consumption of nutrient dense foods, more capital-intensive forms of agriculture (cash crops, livestock, and aquaculture), market access, and ensuring sustainable food and nutrition security for all Malawians
46. Malawi Food systems transformation pathways in support of the 2030 agenda^[38], has identified priority actions to be addressed in the medium term (10 years). They include to: promote production of nutrient rich foods at both household and commercial levels, prioritised financing in research and extension across the crops, livestock, and fisheries sectors, community based, social and behaviour change communication towards mind set change on food waste in cultural and traditional events; increased government and private sector investment in market linkages and infrastructure along value chains; specific, community owned agro-processing factories, establish food safety risk monitoring systems at all levels, reduce food loss and waste and extend produce shelf-life, maximise economic benefits of existing small-scale producers; food price stabilisation mechanisms to deter price volatility and give relief to the most vulnerable populations among others.

47. National Gender Policy^[39] aims to mainstream gender in the national development process to enhance participation of women and men, girls, and boys at individual, household, and community levels for sustainable and equitable development. It also promotes a holistic approach to gender equality and social protection, poverty reduction through microfinance, and sustaining livelihoods of ultra-poor households using cash transfers; strengthening gender mainstreaming in the agriculture, food and nutrition security sectors and in the natural resources and environment and climate change in order to achieve equality and sustainable environmental development, reduce poverty among women and other vulnerable groups through economic empowerment, and promote women's participation in politics and decision making.
48. National Youth Policy Malawi aims at ensuring healthy and productive young people through promotion of general health, and non-discriminatory sexual reproductive health and rights of young people. Provision of nutrition education in general and in the context of HIV and AIDS to youth is advocated and provided. Promotion of programmes that address lifestyle related disease and participation in physical fitness among the youth.
- 49. Policies and regulations governing climate and the environment**
50. Malawi is a signatory to the following environmental treaties: The United Nations Convention to Combat Desertification, The Kyoto Protocol; The Nagoya Protocol, The Paris Agreement is a 2015 international climate treaty; The International Plant Protection Convention (IPPC) and The Cartagena Protocol on Biosafety to the Convention on Biological Diversity.
51. The Government of Malawi has committed to addressing climate change and promoting resilience. As a result, it has a variety of strategies and policies in place to address the challenges of current climate variability, shocks, and future climate change. High-level strategies such as Malawi's Vision 2063 and the MGDS are examples of these.
52. The Nationally Determined Contribution (NDC) - affirms the government's commitment to fully addressing climate change issues and responding to adverse effects and impacts in accordance with the Paris Agreement provisions.
53. The National Climate Change Management Policy (NCCMP) promotes climate change adaptation and mitigation for sustainable livelihoods through measures that improve human well-being and social equity while pursuing economic development that significantly reduces environmental risks and ecological scarcity.
54. The National Climate Change Investment Plan (NCCIP) 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 programs to enable its implementation: 1) Adaptation Investments: a. Integrated Watershed Management Programme; b. Improving Climate Change Adaptation; c. Climate Change Research, Technology Development, and Transfer; and capacity building.
55. The National Adaptation Program of Action (NAPA) - The NAPA's top four priority areas are: (1) sustaining life and livelihoods for the most vulnerable communities, (2) improving food security and developing community-based seed and food storage systems, (3) improving crop production through the use of appropriate technologies, and (4) increasing the resilience of food production systems to erratic rains by promoting sustainable maize and vegetable production.
56. The National Disaster Risk Management (NDRM) Policy - overall goal to sustainably reduce disaster losses in lives and in communities' and the nation's social, economic, and environmental assets. The policy covers Disaster Risk Reduction (DRR), preparedness, mitigation, response, and recovery.
57. These primary instruments are supported by three major environmental policies: Environmental Management Act (EMA) (2017). The EMA, in conjunction with the upcoming establishment of the EPA, allows for a more localized distribution of funding and decision-making, as well as the opportunity to accelerate the decentralization process and improve coordination between officers and institutions at the district and sub-district levels. Sections 24, 25, 26, 27, 29, and 63, 69, and 76 of the EMA make environmental impact assessments (EIAs) a statutory requirement and outline the EIA process.
58. National Environmental Policy (NEP) 2014 - The NEP aims to promote sustainable development through efficient and sound environmental management; (iii) Environment Management Act (1996) outlines specific legislation providing guidelines and procedures for EIA legislation.
59. The National Environment Action Plan (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 a general lack of human-environment conditions
60. Contingency Plans from the Department of Disaster Management Affairs (DoDMA). It is in charge of preparing for and responding to weather and climate-related disasters such as floods and droughts.

4. Environmental and social category

61. According to the SECAP screening tool, the proposed environmental and social category for SAPP II is moderate. Given its geographical location and the limited scale of its intervention (no infrastructure), the project will have no impact on sensitive areas or result in the loss of natural habitat or biodiversity. SAPP II interventions will be limited to existing cultivated and fallow lands, and activities will not take place in areas prone to geophysical hazards, so the risk to agriculture, livestock, and small-scale infrastructure is considered minimal.
62. Potential environmental risks may arise from introduction of adapted crop varieties and tree seedlings leading to unintended pests and diseases, as well as potential unintended increase in the use of fertilisers and pesticides due to increased productivity. Priority will be given to sustainable management of productive resources (soil, land, and water) with activities supporting the promotion of Good Agricultural Practices (GAP), soil and water conservation, energy saving technologies, soil fertility improvement, conservation agriculture, and awareness on environmental conservation and management practices. The project will endeavor to replace chemical inputs with eco-friendly inorganic fertilisers and pesticides, and to promote integrated pest management.
63. Social risks may arise from unintended child labour, nutrition and negative gender impacts due to degradation of ecosystem services, increased production and reduced occupational safety and health. The project places a strong emphasis on social inclusion, with ambitious goals for the inclusion of women, youth, and, where possible, people with disabilities in the development of value chains and strategic investment plans will facilitate their participation. The ECSPM matrix provides for elaborate mitigation and monitoring/surveillance measures to prevent/limit child labour, occupational health and safety as well as poor working conditions. The project is also promoting the GALs methodology at household level to encourage sharing of labour roles at farm and household levels, to reduce the burden on women and create awareness on GBV prevention.

5. Climate risk category

64. According to the SECAP screening tool, the project's climate risk category is substantial. The following are the main themes and steps taken to assess climate risks. A targeted adaptation assessment lays down specific adaptation actions to implement throughout the project:
65. According to the Think Hazard report, the project intervention area is prone to flooding, landslides, drought, cyclones, extreme heat, and wildfires. The CLEAR tool will be used to assess climate hazard hotspots, and decisions will be made on whether such areas should be avoided or appropriate adaptive measures should be integrated into project interventions. Similarly, climate scenarios forecast changes in temperature, variability, and the intensity and frequency of extreme events. The CLEAR tool will direct project intervention locations in light of the aforementioned climate change and its potential impacts on households and commodities.
66. Evaluation of Exposure: Crop and livestock production are frequently impacted by rainfall variability, extended droughts, cyclones, temperature changes, and pest and disease outbreaks. SAPP will promote the sustainable use of water. Efforts will be made to promote integrated pest management and environmentally friendly fertilisers, as well as the selection of climate resilient crops and infrastructure.
67. The only positive response to sensitivity screening questions is multidimensional poverty, which is greater than 0.1. SAPP II will support vulnerable households to participate in climate smart value chains in order to increase their incomes and standard of living.
68. Adaptation capacity and climate resilience: One of the project's primary goals is to increase resilience to climatic shocks and stress. The project's practical adjustments will be used to reduce losses and damages from climate change impacts on target beneficiaries, as well as to strengthen local climate adaptation capacities.
69. The high vulnerability of the target beneficiaries to climate-related shocks, will pose a risk to the project achieving its objectives. Extreme weather events (droughts or floods), such as those experienced in 2015, 2016, 2022 and recently 2023, may disturb the expected development trajectory of the smallholder producers or negatively affect the rain fed agricultural production system. The climate risk category is thus assessed as Substantial.

6. Recommendations for project design and implementation

70. Key social and environmental issues are summarised below. Recommendations to address these issues are provided in Table 1, as well as in the targeted adaptation assessment annexed.
71. **Key Social issues to consider for design**
72. High dependency ratio is one of main drivers of poverty: The high dependency rates are mainly attributable to high youth dependency rates. With 43 percent of the population, under 15 and only 2.6 percent aged 65 or over, engaging the youth in both on-farm and off-farm job opportunities will empower them economically and reduce the dependency ratio. This should be complemented with skills development, training, access to finance and other technical support to increase youth employability.
73. Malnutrition remains a major public health concern: One of the underlying causes are poor diets, which lack diversity. SAPP has

been successful in establishing home gardens and these should be scaled up particularly for the food deficit poor in SAPP II and combined with a strong behaviour change and nutrition education package to influence dietary patterns, particularly for children under two years and women of reproductive age. Investments in VCs that are nutrient rich and also with high market value should also be promoted to make healthy diets affordable and more available to the rural poor either from own production or from local markets.

74. While many women are already involved in small-scale farming and operating informal businesses, they lack technical and financial support to formalise and scale up their livelihood activities. There is potential to transform the agricultural sector to implement programmes to achieve economic empowerment, while prompting more gender equitable norms and practices to advance gender equality.
75. Modernization of agriculture through the incorporation of ICT and other modern energy saving technologies and tools to make agriculture attractive to the youth should be encouraged. This will reduce workloads for women
76. SAPP II should facilitate access to productive assets, such as land preparation tools and technologies, as well as access to agricultural land and other factors of production for the youth, women and vulnerable groups who fail to access these resources due to culture, gender and / or other socio-economic factors
77. The promotion, provision and dissemination of youth and gender tailored information and provision of agricultural support and extension for advanced training targeting out of school youth for increased agricultural production, agro-processing and marketing should be facilitated;

78. Key issues to consider for climate and environment

79. Dependence on natural resources is high, as is vulnerability. The majority of Malawian smallholders rely heavily on natural resources such as good cultivable soils, grazing lands, firewood, and water.
80. Natural resource base availability and quality are steadily declining, owing primarily to poor management. This process is frequently self-reinforcing: low investments in soil fertility reduce crop yields, forcing people to resort to charcoal production, which increases erosion, and so on. This trend can be reversed by increasing investments in good agricultural practices.
81. Extreme events (droughts, floods, cyclones) are becoming more common. Smallholder farmers are extremely vulnerable to climatic shocks such as floods and droughts because they lack any buffers or alternative income streams. Building resilience and embracing innovative disaster risk reduction financing instruments are critical.
82. Rural people in Malawi need more diversified livelihoods to cushion them against devastating shocks to extreme events. They need financial instruments like crop or livestock insurance accessible to small-scale producers. They need climate-resilient infrastructure and restored ecosystems that can protect against increasing extreme weather impacts.

83. Table 1. Recommendations for specific stages of the value chain

Climate / environmental / social risks	Risk management opportunities
Pre-production	
Input supply disruption caused by a climate-related disaster	<ul style="list-style-type: none"> - Conservation agriculture and integrated soil fertility management (ISFM) and integrated pest management activities also contribute to reducing reliance on synthetic fertilisers, herbicides and pesticides. - Strengthen community seed production and post-harvest processes (capacity building system/seed bank, etc.) to reduce dependence on the external seed distribution network. - Enable the provision of seasonal and short-term forecasts in formats that are usable and accessible by farmers. - Crop or livestock Insurance - Enable access to climate information - Consider introducing the PICSA approach[40]

<p>Increased income from value chains may encourage more land clearing, affecting the local microclimate and exacerbating climatic hazards, as well as having a negative impact on nutrition.</p>	<ul style="list-style-type: none"> - Undertake participatory mapping and land use planning; and undertake remote sensing-based landscape monitoring. - Analysis and selection of VCs that are pro-poor and opportunities for women empowerment and economic opportunities for the youth and those that positively contribute to nutrition. - Combine these interventions with nutrition education to promote dietary diversity particularly of the most vulnerable individuals in the population.
Production	
<p>Problems with water management (increased crop evapotranspiration; soil water loss; changes in precipitation amount and timing; more variable river runoff; decreased groundwater recharge, water contamination and so on.)</p>	<ul style="list-style-type: none"> - Adopt water conservation and efficiency measures such as water harvesting, efficient irrigation infrastructure, check dams, flood management and drainage. - Where groundwater sources are used for irrigation, they should be integrated with efficient use technologies and groundwater replenishment measures. - Include messages on water, sanitation and health to avoid negative health impacts at the community level due to water pollution and contamination.
<p>Farmers are vulnerable to environmental and climate losses, as well as reduced dietary diversity, when they practice monoculture.</p>	<ul style="list-style-type: none"> - Promote sustainable intensification, diversified cropping systems through crop rotation, intercropping, agroforestry, and mixed crop/livestock systems. - Promote neglected and underutilized species that are climate resilient and have high nutritional value
<p>Some localized infrastructure (fields, irrigation systems, etc.) is vulnerable to flooding, forest fires, high winds, and other natural disasters.</p>	<ul style="list-style-type: none"> - Include physical risk management structures at the operational level (e.g. windbreaks, flood barriers, firebreaks); upgrade or relocate sensitive infrastructure, etc.
<p>Inability to manage production dynamically due to a lack of local knowledge</p>	<ul style="list-style-type: none"> - Invest in local capacity for planning, monitoring, decision making and financial management; - Transfer control to local institutions; - Provide training on climate issues and support for farmer based research and knowledge systems; - Include smallholders in policy dialogue and scenario building exercises. - Access to productive resources, technology and extension services inputs to the poor small scale farmers, women and youth
Post-Production	
<p>Extreme climatic conditions (such as floods, heat waves, storms).</p>	<ul style="list-style-type: none"> - Use hazard exposure and crop suitability maps to inform the location of processing facilities; retrofit processing facilities with protective devices; facilitate the establishment of an insurance scheme for processing facilities against extreme weather events and preparedness to respond to disasters.

Temperature and humidity increases can either increase or decrease post-harvest losses and waste, as well as have an effect on food security.	<ul style="list-style-type: none"> - Design suitable packaging materials in conjunction with waste management and storage strategies; For aflatoxin - Food safety concerns including contamination in maize and peanuts, integrate Aflasafe into a comprehensive pre- and post-harvest product management strategy.
Infrastructure and roadways that are subjected to higher peak levels of wind, precipitation, and temperature stress.	<ul style="list-style-type: none"> - Introduce safeguards and reinforcements in the design of critical infrastructure to handle higher peak runoff and higher temperatures; improve ventilation in buildings; harvest excess water and energy from roofs and appliances; use early warning systems.
Water availability is becoming increasingly erratic, and there is growing competition for this scarce resource from both domestic and agricultural uses areas.	<ul style="list-style-type: none"> - Increase water storage and distribution capacity (water harvesting, communal ponds, groundwater recharge); introduce water efficiency measures on the demand side; support conflict resolution for different water users (e.g. water user groups). - Promote the use of grey water in kitchen gardens

7. Further studies needed

84. Table 2. Further studies required for SAPP II

SECAP ASSESSMENT	TIMELINE	INDICATIVE COST (USD)
Environment, Climate and Social Management Framework (ECSMF), <i>Only if environment and social risk changes at design</i>	Design stage	20,000 - 50,000
Environment, Climate and Social Management Plan (ECSMP),	Design stage	15,000 - 30,000
Targeted Adaptation Assessment	Design stage	20,000-40,000
Pest Management Plan	Design stage	PMP can be included as part of the ESIA or ESCMF.
Grievance redress mechanism (GRM)	Design stage	GRM can be included as part of the ESIA or ESCMF.
Stakeholder Engagement Plan (SEP)	Design stage	SEP can be included as part of the ESIA or ESCMF.

85. All these studies were undertaken at Design and can be found as annexes to the Review Note.

8. Monitoring and evaluation

86. The Project will utilise M&E indicators in the logical framework to measure climate resilience, natural resource management (NRM) practices, nutrition, gender, youth, and broader social inclusion concerns. Whenever practicable, all indicators centered on people will be disaggregated by gender and age. The monitoring plan will identify monitoring indicators at various levels, monitoring parameters, monitoring frequency, monitoring responsibility, and cost. The ESCMP matrix identifies critical roles and responsibilities for the design and implementation of environmental and social safeguards (Table 3). The preliminary ESCMP matrix will be refined and incorporated into the project's implementation manual throughout its duration. For tracking emissions, the FAO, EXACT Tool GHG emissions accounting will be used. During the design phase, preliminary calculations will be performed, followed by analysis at the midterm and completion of the project. The project management team and IFAD will oversee SECAP procurement activities and budgets.

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ESCMP Matrix

127. Environment, Social and Climate Management Plan Matrix

ESCMP Matrix						
Environmental/ Social and climate Impacts	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution In Implementation Phase	Means of Verification (Monitoring and reporting)	Frequency of Verification	Cost Estimate
Social Impacts						

Labour and working conditions	The risks are child labour due to high dropout rates, working during school holidays, heavy labour burden on women, occupational health/injuries risks during NRM works, and poor working conditions of workers working with partners and service providers	The ECSMP matrix provides for elaborate mitigation and monitoring/surveillance measures to prevent/limit child labour, occupational health and safety as well as poor working conditions. The project is also promoting the GALs methodology at household level to encourage sharing of labour roles at farm and household levels, to reduce the burden on women.	Community awareness on child labour laws, gender awareness and redress mechanisms	GoM, Partners and Private sector stakeholders	Supervision and other monitoring reports	Semi-annual	Project implementation costs
Increased GBV due to backlash on increasing women empowerment	Gender trainings and interventions to include 'male engagement for women empowerment sessions" and linkage to GOM GBV reporting procedures	Through GALS	GOM, partners	Supervision	Every 6 months	Project implementation costs	
Negative effects on household dietary diversity	The project will incorporate nutrition education and social behaviour change communication to promote healthy diets and dietary diversity either from own production or from markets and also support the establishment of integrated home gardens for the most vulnerable populations for household dietary needs	Through nutrition education and SBCC activities	GOM and partners	Through nutrition COI indicators and supervision	Baseline, mid and end line Annual	Not/Applicable-to be integrated into the project overall budget	
Environment Impacts							
Loss of vegetation and targeted project sites	Establishment of tree nurseries including tree seedlings for natural trees Promote agroforestry Re-plant and re-vegetate	Training of farmers	MoAIWD Departments; DESC	Vegetative buffer zones -Ha out-planted with trees and that under natural regeneration - Number of farmers practising agroforestry	Every six months	Project implementation costs	

Loss of habitat for wild animals Loss of biodiversity mice, snakes	Maintain some trees around as tree belts Afforestation within local villages Develop Strategy to protect/ restore biodiversity.	Sensitisation of Farmers on environmental protection	MoAIWD Departments; DESC	-Vegetative buffer zones -Number of trees planted -Biodiversity retained	Every six months	Project implementation costs
-Increase in surface runoff and soil erosion due to Increase in exposure of soil	-Implement soil conservation measures within all the fields (check dams, box ridges) -Promote CA for increased infiltration	- Catchment meetings Participatory dam surveys	MoAIWD Departments; DESC;	Ha under CA Ha, under Soil and Water conservation measures – box ridges, check dams.	Every six months	Project implementation costs
Risks of salinization	Apply correct amount of fertilizers Add lime to soil where there are problems of salinization	Training of farmers	MoAIWD Departments; DESC;	Regulation of correct fertilizers to soils	Annually	Project implementation costs
Disturbance to the growth of micro - organisms	Use correct amount of fertilizers in fields Use of a combination of organic fertilizers; minimum tillage and recycling of crop residues	Training of farmers	MoAIWD Departments; DESC;	Use of organic fertilizers, minimum tillage and residue recycling methods	Every six months	Not applicable
Increase in suspended solids and sediments delivery into surface water resources.	Water harvesting measures (box ridges, check dams) and improvement of soil infiltration		MoAIWD Departments; DESC	Water harvesting/land conservation measures in place	Every six months	Project implementation costs
Exposure and pollution from agrochemicals	Refer to PMP recommendations	Training of farmers on water pollution management	MoAIWD Departments; DESC;	Protective measures implemented as recommended in PMP	Every six months	Project implementation costs
Increase in siltation and deterioration of water quality in streams nearby	Maintenance of vegetative buffer zone along rivers to minimises soil erosion into rivers	- Catchment meetings Participatory dam surveys	MoAIWD Departments; DESC;	Vegetative buffer zones along rivers	Every six months	Project implementation costs

Poor post-harvest management	<ul style="list-style-type: none"> -Train farmers on post-harvest management including value-added processing techniques, food safety protocols and quality standards for horticultural commodities - Infrastructure development is critical at irrigation scheme level e.g. cold rooms, shade nets to maintain quality of produce -Facilitate research and development of appropriate post-harvest technologies to help reduce post-harvest losses. 	<ul style="list-style-type: none"> -Training on Post-Harvest Management -Participatory research and development to reduce losses 	<ul style="list-style-type: none"> PMU, MoAIWD Departments; DESC; 	<ul style="list-style-type: none"> Training reports, research and development reports, seasonal roadmap 	Seasonal	Project implementation costs
Climate Impacts						

	<ul style="list-style-type: none"> - Promote use of climate resilient cropping systems and practices to offer important adaptation benefits. - Introduce crop diversification and the promotion of agricultural practices that are better adapted to changing climate - Promote drought tolerant crops where applicable - Enhance and improve agro-meteorological infrastructure to provide timely information services to the project beneficiaries such as cooperatives public and private investors and other value chain actors. - Identifying high ground/ appropriate siting for infrastructure development to mitigate flood risks - Adopt climate smart technologies (sustainable land management, water harvesting technologies; clean energy and conservation of forests ecosystems) Facilitate timeous and accurate climate and weather information advisories 	<p>Training and education of farmers on climate smart technologies</p> <p>Timely and accurate weather/climate information provision</p> <p>Capacitating technical staff on climate integration</p>	<p>MoAIWD Departments;</p> <p>DESC;</p>	<p>Training reports, records of weather/climate information, capacitate extension staff, improved yields</p>	Seasonal	Project implementation costs
Footnotes						

The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and having a decent standard of living.
28

The SPARK program uses a systemic action learning approach to affect the lives of at least 7,000 persons with disabilities in Burkina Faso, India, Mozambique, and Malawi. This approach will enable them to become fully engaged in the economic activities of selected agricultural and pastoral value chains.

PICSA means 'Participatory Integrated Climate Services for Agriculture'.

<https://ccafs.cgiar.org/index.php/resources/tools/participatory-integratedclimate-services-agriculture-picsa>

Environmental and Social Safeguards Classification: Moderate

Environmental and Social Safeguards				
Biodiversity conservation	Yes/No	Likelihood	Consequence	Risk Rating
1.1 Could the project potentially involve or lead to conversion or degradation of biodiversity, habitats (including modified habitat, natural habitat and critical natural habitat) and/or ecosystems and ecosystem services?	No			Low
1.2 Could the project involve or potentially lead to activities involving habitats that are legally protected, officially proposed for protection, or recognized as protected by traditional local communities and/or authoritative sources (e.g. National Park, Nature Conservancy, Indigenous Community Conserved Area, ICCA, etc.)?	No			Low
1.3 Could the project potentially involve or lead to an increase in the chance of human-wildlife encounters/conflict?	No			Low
1.4 Could the project potentially involve or lead to risks to endangered species (e.g. reduction, encroachment on habitat)?	No			Low
1.5 Could the project potentially involve or lead to impacts/risks to migratory wildlife?	No			Low
1.6 Could the project potentially involve or lead to introduction or utilization of any invasive alien species of flora and fauna, whether accidental or intentional?	Yes	Possible	Minor Low potential for invasive species of flora or fauna to be introduced, but strict controls are in place, and the probability of invasion is therefore low.	Moderate
1.7 Could the project involve or lead to the handling or utilization of genetically modified organisms?	No			Low
1.8 Could the project involve or lead to procurement through primary suppliers of natural resource materials?	No			Low
Resource Efficiency and Pollution Prevention	Yes/No	Likelihood	Consequence	Risk Rating
2.1 Could the project involve or lead to the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	Yes	Unlikely	Minor Pollutants may possibly be released, either routinely or by accident, but treatment systems are proven and verified. Receiving environment has absorptive capacity.	Low
2.2 Could the project involve or lead to primary not environmentally sustainable production of living natural resources? (Note: this includes the cultivation or rearing of plants or animals, including annual and perennial crop farming, animal husbandry (including livestock), aquaculture, plantation forestry, etc)	No			Low

Environmental and Social Safeguards				
	Yes	Likely	Minor	Moderate
2.3 Could the project involve or lead to engagement in areas of forestry, including the harvesting of natural forests, plantation development, and/or reforestation?			Only a small component of the project is focused on forestry, and this aspect is well regulated.	
2.4 Could the project involve or lead to significant consumption of raw materials, energy, and/or water?	Yes	Likely	Minor The project will require consumption of raw materials, energy, and/or water, but this will be a small component of the project, and impacts can be appropriately managed.	Moderate
2.5 Could the project involve or lead to significant extraction, diversion or containment of surface or ground water (e.g. construction of dams, reservoirs, river basin developments, groundwater extraction)?	No			Low
2.6 Could the project involve inputs of fertilizers and other modifying agents?	Yes	Almost certain	Minor The project only requires minimal amounts of fertilizer	Moderate
2.7 Could the project involve or lead to procurement, supply and/or result in the use of pesticides on crops, livestock, aquaculture or forestry?	Yes	Almost certain	Minor The project only requires minimal amounts of pesticide.	Moderate
2.8 Could the project be located in an area which is being, or has been, polluted by an external source (e.g. a mine, smelter, industry)?	No			Low
2.9 Could the project involve livestock – extensive and intensive systems and animal products (dairy, skins, meat, etc.)?	Yes	Likely	Minor The project involves livestock or fisheries, but not in extensive or intensive systems.	Moderate
Cultural Heritage	Yes/No	Likelihood	Consequence	Risk Rating
3.1 Could the project be located in areas that are considered to have archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage?	No			Low

Environmental and Social Safeguards				
	No			Low
3.2 Could the project directly or indirectly affect indigenous peoples' rights, lands, natural resources, territories, livelihoods, knowledge, social fabric, traditions, governance systems, and culture or heritage (tangible and intangible)?	No			Low
3.3 Could the project involve or lead to significant excavations, demolitions, movement of earth, flooding or other environmental changes?	No			Low
3.4 Could the project involve or lead to adverse impacts to sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	No			Low
3.5 Could the project involve or lead to alterations to landscapes and natural features with cultural significance?	No			Low
3.6 Could the project involve or lead to utilization of tangible and/or intangible forms (e.g. practices, traditional knowledge) of Cultural Heritage for commercial or other purposes?	No			Low
indigenous peoples	Yes/No	Likelihood	Consequence	Risk Rating
4.1 Could the project be sited in areas where indigenous peoples are present (including the project area of influence)?	No			Low
4.2 Could the project result in activities located on lands and territories claimed by indigenous peoples?	No			Low
4.3 Could the project result in impacts on the rights of indigenous peoples or to the lands, territories and resources claimed by them?	No			Low
4.4 Could the project result in the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	No			Low
4.5 Could the project lead to impacts on the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices?	No			Low
Labour and Working Conditions	Yes/No	Likelihood	Consequence	Risk Rating
5.1 Could the project operate in sectors or value chains that are characterized by working conditions that do not meet national labour laws or international commitments? (Note: this may include discriminatory practices, high gender inequality and the lack of equal opportunities, denial of freedom of association and collective bargaining, labour migrants)	No			Low
5.2 Could the project use or operate in a value chain where there have been reports of forced labour? (Note: Risks of forced labour may be increased for projects located in remote places or where the status of migrant workers is uncertain)	No			Low
5.3 Could the project involve children (a) below the nationally-defined minimum employment age (usually 15 years old) or (b) above the nationally-defined minimum employment age but below the age of 18 in supported activities or in value chains?	Yes	Likely	Minor The project does not operate in sectors or value chains where the employment of children has ever been reported.	Moderate

Environmental and Social Safeguards				
	Yes	Possible	Moderate	Moderate
Community Health, Safety and Security	Yes/No	Likelihood	Consequence	Risk Rating
5.4 Could the project: (a) operate in a sector, area or value chain where producers and other agricultural workers are typically exposed to significant occupational and safety risks, and/or (b) promote or use technologies or practices that pose occupational safety and health (OSH) risks for farmers, other rural workers or rural populations in general? (Note: OSH risks in agriculture might include: dangerous machinery and tools; hazardous chemicals; toxic or allergenic agents; carcinogenic substances or agents; parasitic diseases; transmissible animal diseases; confined spaces; ergonomic hazards; extreme temperatures; and contact with dangerous and poisonous animals, reptiles and insects. Psychosocial hazards might include violence and harassment.)	No		The project operates in a sector, area, or value chain where workers are occasionally exposed to significant OSH risks, and where regulation is known to be weak or non-existent.	Low
6.1 Could the project be at risk from water-borne or other vector-borne diseases (e.g. temporary breeding habitats), and/or communicable and non-communicable diseases?	Yes	Unlikely	Minor impact on customary or traditional diet, resulting in occasional individual health problems.	Low
6.2 Could the project lead to unintended negative impacts on nutrition?	No			Low
6.3 Is there a possibility of harm or losses due to failure of structural elements of the project (e.g. collapse of buildings or infrastructure)?	No			Low
6.4 Could the project involve or lead to the construction or rehabilitation of dams?	Yes	Possible	Minor	Moderate
6.5 Could the project involve or lead to transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	No			Low
6.6 Could the project lead to adverse impacts on ecosystems and ecosystem services relevant to communities' health (e.g. food, surface water purification, natural buffers from flooding)?	No		The project will only have minor impacts on ecosystem services, and these can be mitigated through standard environmental management planning.	Low

Environmental and Social Safeguards				
	Yes	Possible	Minor	Moderate
6.7 Could the project lead to the potential for gender-based violence, including sexual harassment, exploitation and abuse, as a result of labour influx, land redistribution, or other actions that alter community dynamics?		Minor changes to community dynamics. Resulting serious recorded cases of gender-based violence and/or sexual exploitation. Gender-based violence protocols in place.		
6.8 Could the project lead to increases in traffic or alteration in traffic flow?	No			Low
6.9 Could the project lead to an influx of project workers?	No			Low
6.10 Could the project involve or lead to the engagement of security personnel to protect facilities and property or to support project activities?	No			Low
Physical and economic resettlement	Yes/No	Likelihood	Consequence	Risk Rating
7.1 Could the project result in temporary or permanent and full or partial physical displacement (including people without legally recognizable claims to land)?	No			Low
7.2 Could the project result in economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?	No			Low
7.3 Could the project present a risk of forced evictions?	No			Low
7.4 Could the project result in impacts on or changes to land tenure arrangements and/or community-based property rights/customary rights to land, territories and/or resources?	No			Low
Financial intermediaries and direct investments	Yes/No	Likelihood	Consequence	Risk Rating
8.1 Could the investment be granted to an institution that does not have an environmental and social policies and an associated environmental and social management system (ESMS) in place (transparent, publicly available)?	No			Low
8.2 Could the investment be granted to an institution with insufficient capacities (i.e. unqualified personnel e.g. ES Officer) to implement the ESMS?	No			Low
8.3 Could the investment be granted to an institution that does not have an Exclusion List?	No			Low
8.4 According to the institution's portfolio classification: Could the institution have potential high-risk projects in their portfolio?	No			Low
8.5 Is there evidence that the institution does not comply with the local legal framework?	No			Low
8.6 Does the institution provide a stable communication channel with stakeholders and local communities (e.g. a Grievance Redress Mechanism)?	No			Low
8.7 Does the organization provide auxiliary or capacity building support services.	No			Low

Climate Risk Classification: Substantial

Step 1: Hazard identification	
What are the expected hazards in the project intervention area?	No, Yes, TBD
River flood	Yes
Costal Flood	No
Urban Flood	Yes
Landslide	Yes
Cyclone	Yes
Water Scarcity (agricultural droughts and/or dry spells)	Yes
Extreme Heat	Yes
Wildfires	Yes
Future climate scenarios foreseen (period 2040-2059) - Change in frequency and intensity	No, Yes, TBD
Change in temperature (increase or decrease)	Yes
Change in rainfall (increase or decrease)	Yes
Climate variability (larger or smaller)	Yes
Intensity and frequency of extreme events (larger or smaller)	Yes
Is the project expected to have an impact on climate?	No, Yes, TBD
Is the project expected to be a significant emitter of greenhouse gases?	No
Step 2: Exposure Assessment	
Is the project located in exposed areas to weather-related natural hazards?	No, Yes, TBD
Low-lying areas (valleys, coastal zones, and small islands)	TBD
Very warm areas (subtropical)	Yes
Tropical areas (rainforests)	No
Arid and semi-arid areas (deserts)	No
Mountains zones and permafrost areas (tundra)	No
River banks	No
Does the project target agricultural systems, ecosystems or livelihoods exposed to weather-related hazards?	No, Yes, TBD
Is crop production frequently affected by rainfall variability, prolonged droughts, changes in temperature or pests and diseases?	Yes
Is livestock productivity frequently affected by rainfall variability, prolonged droughts, changes in temperature or diseases?	Yes
Are fisheries frequently affected by ocean acidification, water salinity and changes in sea surface temperature due to ocean-atmospheric oscillations or climate change?	No
Is forest productivity frequently affected by wildfires, diseases, rainfall variability, prolonged droughts, or changes in temperature?	TBD
Is the biodiversity in the project area likely to be affected by changes in climate variables?	Yes
Is any stage of the agricultural value chain (production, storage, processing and marketing) exposed to climate related hazards?	Yes
Is any rural infrastructure likely to be affected by flooding, landslides, changes in temperatures, and extreme winds.	Yes
Step 3: Sensitivity Assessment	
What are key sensitivities for the populations in the project's areas of intervention?	No, Yes, TBD
Is conflict exacerbating the population's sensitivity to weather related hazards?	No
Is population displacement being exacerbated by climate change impacts?	Yes

Are diseases (e.g. COVID-19, malaria, cholera) increasing the population's vulnerability and affecting their capacity to address potential weather-related hazards?	Yes
Is the income of the target population predominately coming from agriculture?	Yes
Are social inequalities (e.g. based on gender, youth, indigenous persons and other marginalized groups) being exacerbated by climate change?	Yes
Is the Human Development Index (HDI) equal to or below 0.6?	Yes
Is the Multidimensional Poverty Index (MPI) equal to or above 0.1?	Yes
Step 4: Adaptive capacity and climate resilience	
What are key adaptive capacities in the areas of project intervention?	No, Yes, TBD
Is the country well ranked in the Disaster risk reduction progress score?	Yes
Are climate and weather information services (real-time weather data, seasonal forecasts etc.) effectively being delivered (through radio, TV, SMS, extension services etc.) to farmers, rural dwellers, and end users?	TBD
Does the project country have an early action plan (preparedness and emergency response) to mitigate the impacts of weather-related hazards once the shock occurs?	TBD
Does the government or other institutions support the target population/communities with the necessary social and economic resources to prepare for or respond to climate-related events?	Yes
Is the target community carrying out (using their own means) agricultural adaptation?	Yes
Does the target population have the economic means or support to adjust or adapt their activities in response to weather related shocks?	No
Do policies/mechanisms exist that make financial credit, loans, and agricultural insurance available?	No
Are rural infrastructures effectively delivering services to farmers and rural dwellers?	No

Malawi

Sustainable Agricultural Production Programme - Phase 2 Project Design Report

Annex 6: First Annual Work Plan and Budget (AWPB)

Mission Dates: 12 - 23 June 2023

Document Date: 17/11/2023

Project No. 2000004511

Report No. 6603-MW

East and Southern Africa Division
Programme Management Department

Annex 6: First Annual Work Plan and Budget (AWPB)
First 18 Month Annual Work Plan and Budget (AWPB) Contribution - Detailed & Summary Tables

Detailed Cost Tables

Malawi

SAPP II - Contribution to First 18 Months Annual Work Plan & Budget

Table 1.1. Inclusive Value Chain and Market Analysis Conducted

Detailed Costs
 (US\$)

I. Investment Costs

- A. Consultancy
- B. Annual Assessments
- C. Consultative Meetings

Total

Unit	Quantities			Unit Cost	Totals Including Contingencies ('000)		
	2024	2025	Total		2024	2025	Total
Unit	1	-	1	100,000	109	-	109
Unit	-	1	1	15,000	-	16	16
Unit	1	-	1	50,000	54	-	54
					163	16	179

Malawi

SAPP II - Contribution to First 18 Months Annual Work Plan & Budget

Table 1.2. Enhanced Capacity for Climate-Smart and Nutrition-Sensitive Production Systems

Detailed Costs (US\$)	Unit	Quantities			Totals Including Contingencies ('000)			
		2024	2025	Total	Unit Cost	2024	2025	Total
I. Investment Costs								
A. Adaptive research								
Development, update and review of research protocols	Lumpsum	1	-	1	5,000	5	-	5
Field testing	Lumpsum	1	-	1	15,000	16	-	16
Researcher managed adaptive trials, including field days for specialists	District	5	5	10	13,000	69	69	138
Researcher-extension managed on-farm trials	District	5	5	10	10,000	53	53	106
Monitoring visits from DARS to selected FFS	Site	-	5	5	500	-	3	3
Review of trial results and report at district level	District	5	5	10	1,000	5	5	11
Subtotal						148	130	278
B. Capacity-building and scaling up GAPs and technologies								
FFS programming	District	5	-	5	10,000	53	-	53
Training of new Master Trainers and facilitators (includes 50 % women, 30% youth)	Lumpsum	1	-	1	10,000	11	-	11
Delivery of FFS, including on-farm research trials embedded in selected FFS sites	Groups	-	250	250	800	-	213	213
Input supply for selected model farmers attending FFS and buddy (includes 50 % women, 30% youth 5 % PWDs)	farmer-buddy pair	-	2,500	2,500	100	-	266	266
Subtotal						63	479	542
C. Extension services								
Further training and capacity building of extension officers on PICSA and digital tools	EPA	50	50	100	1,000	53	53	106
Radio hotline and sms services enhancement	Lumpsum	1	1	2	150,000	158	160	318
Update of GAP guidelines and extension manuals	Lumpsum	-	1	1	5,000	-	5	5
Radio and TV programmes (including focus on women and youth and PWDs)	Lumpsum	1	1	2	20,000	21	21	42
Public campaigns	Session	-	2	2	10,000	-	21	21
Subtotal						232	261	493
D. Community empowerment and Outreach								
Undertake selection of EPAs/ socio-economic assessments	Number	50	50	100	112	6	6	12
Support for community based M&E and grievance redress system	Meetings	-	25	25	112	-	3	3
Subtotal						6	9	15
E. Support coordination for DAECs /Stakeholder Panels/VDCs								
Support for AEDCs	Meeting	-	16	16	112	-	2	2
Support for district stakeholder panels (includes 50 % women, 30% youth 5 % PWDs)	Meeting	-	16	16	112	-	2	2
Support for area stakeholder panels, VDCs (includes 50 % women, 30% youth 5 % PWDs)	Meetings	-	90	90	112	-	11	11
Training of DAEC/AEDC/VDC on leadership, group management, gender equality, youth, GBV and HIVAIDS etc /a	Meeting	-	90	90	47	-	5	5
Subtotal						-	19	19
F. Gender equality- Household (GALS) approach								
Household approach (GALS) workshops with DAEC/AEDCs/VDCs	Number	-	200	200	30	-	6	6
Total						449	905	1,354

Malawi

SAPP II - Contribution to First 18 Months Annual Work Plan & Budget

Table 1.3. Sustainable Management of Productive Resources (Soil, Land and Water)

Detailed Costs

(US\$)

I. Investment Costs

A. Sustainable Management of Productive Resources (soil, land and water)

	Unit	Quantities			Totals Including Contingencies ('000)			
		2024	2025	Total	Unit Cost	2024	2025	Total
Micro-catchment assessment (including participatory rural appraisals, soil health mapping and hotspot identification)	micro-catchment	25	-	25	15,000	396	-	396
Development or update of catchment management plans with VNRCMs (includes 50 % women, 30% youth, 5% PWDs)	micro-catchment	25	-	25	5,000	132	-	132
Training of extension officers (includes 50 % women, 30% youth)	EPA	25	25	50	2,500	66	67	132
Training of VNRCMC members to implement plan and manage delivery (incl. grants) (includes 50 % women, 30% youth, 5% PWDs)	micro-catchment	-	25	25	5,000	-	133	133
Procurement of equipment/inputs and coaching to deliver the interventions (coaching of 30% youth as equipment technicians)	micro-catchment	-	25	25	65,000	-	1,730	1,730
Grant to compensate for labour (i.e. salary)	micro-catchment	-	10	10	10,000	-	106	106
Establishment of seed banks for genetic conservation of indigenous species	micro-catchment	-	25	25	5,000	-	133	133
Awareness raising campaigns on community resource management (includes 50 % women, 30% youth, 5% PWDs)	EPA	-	25	25	3,000	-	80	80
Total					593	2,250	2,843	

Malawi

SAPP II - Contribution to First 18 Months Annual Work Plan & Budget

Table 2.1. Strengthened Farmer Organizations

Detailed Costs

(US\$)

Unit	Quantities			Unit Cost	Totals Including Contingencies ('000)			
	2024	2025	Total		2024	2025	Total	
I. Investment Costs								
A. Strengthened Farmer Organizations								
Identification and profiling of farmers organisations, database development	Unit	1	-	25,000	27	-	27	
Technical assistance	Per Month	12	-	20,000	257	-	257	
Training of Extension and BDOs (includes 50 % women, 30% youth)	Per Month	6	3	10,000	64	32	97	
Strategic planning of Fos	Per Month	12	12	5,000	64	65	129	
leadership Training events (includes 50 % women, 30% youth, 5% PWDs)	Per Month	12	12	10,000	129	130	258	
Farmer Organisation meetings (includes 50 % women, 30% youth, 5% PWDs)	Per Month	12	12	10,000	129	130	258	
Farmer Service Centers	Unit	1	1	50,000	54	54	108	
Total					723	411	1,134	

Malawi

SAPP II - Contribution to First 18 Months Annual Work Plan & Budget

Table 2.2. Market Linkages Promoted Based on Opportunities to Unlock Value

Detailed Costs

(US\$)

Unit	Quantities			Unit Cost	Totals Including Contingencies ('000)			
	2024	2025	Total		2024	2025	Total	
I. Investment Costs								
Market Linkages Promoted Based on Opportunities to Unlock Value								
Markets identification activities	Per Year	1	1	250,000	271	274	545	
Market information collection and dissemination(includes training 30% youth as market information assistants)	Quarter	3	3	10,000	33	33	65	
Engagements between Fos and intermediaries	Per Month	3	3	5,000	16	16	33	
Farmer business training (50 % women, 30% youth, 5% PWDs)	Quarter	1	1	7,000	8	8	15	
Training in post harvest handling and storage (50 % women, 30% youth, 5% PWDs)	Per Month	12	12	5,000	65	66	131	
Support for development of business plans and linkages with financial services (50 % women, 30% youth, 5% PWDs)	Per Month	3	3	10,000	33	33	65	
Support youth Agri-business training programs in 4 existing TVET centres one per region	Per Month	6	6	7,000	46	46	92	
Total	Per Year	-	4	25,000	-	110	110	
					471	585	1,056	

Malawi

SAPP II - Contribution to First 18 Months Annual Work Plan & Budget

Table 2.3. Village Challenge Fund (VCF)

Detailed Costs

(US\$)

Unit	Quantities			Unit Cost	Totals Including Contingencies ('000)			
	2024	2025	Total		2024	2025	Total	
I. Investment Costs								
A. FCF Matching Grants (targets % women, 30% youth, 5% PWDs)								
Lumpsum					-	2,536	2,536	
Total					-	2,536	2,536	

Malawi

SAPP II - Contribution to First 18 Months Annual Work Plan & Budget

Table 3.1. Capacity of Staff and Partner Institutions Strengthened for SAPP II Coordination, Communication, KM and M&E and SI

Detailed Costs (US\$)	Totals Including Contingencies ('000)						
	Quantities			Contingencies ('000)			
Unit	2024	2025	Total	Unit Cost	2024	2025	Total
I. Investment Costs							
Baseline survey (includes CCI Empowerment Indicator)	Lumpsum	1	-	1	115,000	125	-
SECAP studies	Study	1	-	1	200,000	217	-
Thematic studies (includes gender equality studies)	Study	-	2	2	40,000	-	88
Training of staff and partner institutions (includes training on gender equality, youth programming and social inclusion)	Per Year	2	1	3	75,625	164	83
Communication (radios, podcasts, billboards etc.)	Lumpsum	1	1	2	45,000	49	49
Knowledge management products (include on Gender equality and social inclusion)	Lumpsum	1	1	2	30,000	33	33
Monitoring and evaluation routine field missions	Per Year	1	1	2	20,000	22	22
Total					609	275	884

Malawi

SAPP II - Contribution to First 18 Months Annual Work Plan & Budget

Table 3.2. Institution Building of Government Structures for Better Disaster Risk Management

Malawi

SAPP II - Contribution to First 18 Months Annual Work Plan & Budget

Table 4.1. Project Management Costs

Detailed Costs

1153

Malawi

Sustainable Agricultural Production Programme - Phase 2 Project Design Report

Annex 7: Procurement Plan for first 18 months

Mission Dates: 12 - 23 June 2023

Document Date: 17/11/2023

Project No. 2000004511

Report No. 6603-MW

East and Southern Africa Division
Programme Management Department

Annex 7: Procurement Plan for first 18 months

Table 1: Procurement Plan for first 18 months (January 2024 – June 2025)

Table 2. Thresholds for Procurement of Good, Works and Non-Consulting Services in US\$

Expenditure Category	Contract Value Threshold (USD)	Procurement/Selection Method	Prior Review Thresholds
Works and Works-related Non-consulting services	$\geq 1,000,000$	ICB, Domestic preference allowed	$\geq 250,000$
	< 1,000,000	NCB	
	$\leq 400,000$	Shopping	
	For values indicated in the PAL and in the PP with due justification	Direct Contracting	
Goods and Goods-related Non-consulting services	$\geq 250,000$	ICB, Domestic preference allowed	$\geq 100,000$
	< 250,000	NCB	
	$\leq 150,000$	Shopping	
	For values indicated in the PAL and in the PP with due justification	Direct Contracting	
Consulting Services and Non-consulting services	$\leq 100,000$	CQS and ICS	$\geq 80,000$
	< 200,000	LCS and FBS	
	$\geq 200,000$	QCBS/QBS	
	$\geq 100,000$	Shortlisting	
	For values indicated in the PAL and in the PP with due justification	SSS	

Legend:

ICB: International Competitive

NCB: National Competitive Bidding

NS: National Shopping

QCBS: Quality and Cost Based Selection

QBS: Quality Based Selection

FBS: Fixed Budget Selection

CQS: Selection Based on Consultants Qualifications

LCS: Least Cost Selection

ICS: Individual Consultant Selection

Malawi

Sustainable Agricultural Production Programme - Phase 2 Project Design Report

Annex 8: Project Implementation Manual (PIM)

Mission Dates: 12 - 23 June 2023

Document Date: 17/11/2023

Project No. 2000004511

Report No. 6603-MW

East and Southern Africa Division
Programme Management Department



Investing in rural people



Sustainable Agriculture Production Programme Second Phase (SAPP-II)

Project Implementation Manual

Project ID: xx xx

Division: East and Southern Africa Division

Country: Republic of Malawi

Programme name: Sustainable Agriculture Production Programme Second Phase (SAPP-II)

July, 2023

Abbreviations and acronyms

ABO:	Agribusiness Officer
ADD:	Agricultural Development Division
AEDC:	Agricultural Extension Development Coordinator
AEDO:	Agricultural Extension Development Officer
AESA:	Agro-Ecological Survey Analysis
AfDB:	African Development Bank
AIDS:	Acquired Immunodeficiency Syndrome
AIP:	Affordable Inputs Programme
ASP:	Area stakeholder panel
ASP:	Area stakeholder panel
ATCC:	Agricultural Technology Clearing Committee
AVO:	Assistant veterinary officer
AWPB:	Annual work plan and budget
BDS:	Business Development Services
CA:	Conservation Agriculture
CBBP:	Community Based Breeding Programme
CBF:	Community Based facilitator
CC:	Climate Change
CGIAR:	Consultative Group on International Agricultural Research
CSA:	Climate Smart Agriculture
DAECC:	District Agricultural Extension Coordinating Committee
DAES:	Department of Agricultural Extension Services
DAESS:	District Agricultural Extension Services System
DAHLD:	Department of Animal Health and Livestock Development
DAPS:	Department of Planning Services
DARS:	Department of Agricultural Research Services
DCCMS:	Department of Climate Change and Meteorological Services
DCD:	Department of Crop Development
DLRC:	Department of Land Resources Conservation
DSPC:	District Social Protection Committee
EGS:	Early Generation Seed
EPA:	Extension Planning Area
FARMSE:	Financial Access for Markets, Smallholders and Enterprises
FCF:	Farmer Challenge Fund
FFS:	Farmer Field School
FLS:	Front line staff
FO:	Farmer Organisation
GALS:	Gender Action Learning System
GAP:	Good agricultural practice
GBV:	Gender Based Violence
GBV:	Gender based violence
Gom:	Government of Malawi
HH:	Household
HHA:	Household Approach

HIV:	Human Immunodeficiency Virus
IEC:	Information, Education and Communication
IFAD:	International Fund for Agriculture Development
IFMIS:	Integrated Financial Management Information System
IFPRI:	International Food Policy Research Institute
IFR:	Interim Financial Report
IPM:	Integrated Pest Management
IPSAS:	International Public Sector Accounting Standards
KM&C:	Knowledge Management and Communication
L-FFS:	Livestock Farmer Field School
LUANAR:	Lilongwe University of Agriculture and Natural Resources
M&E:	Monitoring and evaluation
MBS:	Malawi Bureau of Standards
MIS:	Management Information System
MoA:	Ministry of Agriculture
MT:	Master Trainer
NACDC:	National Content Development Committee
NAMIS:	National Agriculture Management Information System
NAO:	National Audit Office
NECS II:	Nutrition Education and Communication Strategy II
NTFFS:	National Task Team for Farmer Field School
OFD:	On-farm Demonstration
PFMS:	Public Financial Management System
PICSA:	Participatory Integrated Climate Services in Agriculture
PLWHA	People living with HIV and AIDS
PMU:	Programme Management Unit
pro-WEAI:	project-level Women's Empowerment in Agriculture Index
PWD:	People with disabilities
RTC:	Residential Training Centre
RWH:	Rainwater Harvesting
SAPP II	Sustainable Agriculture Production Programme (Phase II)
SECAP:	Social, Environmental and Climate Assessment Procedures
SFI:	Soil Fertility Improvement
SMS:	Subject Matter Specialist
SMS:	Short Message Service
SSU:	Seed Services Unit
SWC:	Soil and Water Conservation
TADS:	Trans-boundary Animal Diseases
TEVETA:	Technical Entrepreneurial, Vocational and Education Authority
ToT:	Training of trainers
US\$:	United States Dollar
USAID:	United States Agency for International Development
VSPC:	Village Social Protection Committee

PART I: PROJECT DESCRIPTION

I.1 Project Development Objective

The Project Development Objective (PDO) for SAPP II is to commercialize and enhance the resilience and productivity of smallholder farming systems of rural men, women, and youth in selected districts of Malawi by 2030. This will contribute towards wealth creation as well as improved food and nutrition security among the rural population of Malawi.

I.2. Project Impact Area and Beneficiaries

I.2.1 Geographic Targeting

The project will be implemented in Lilongwe Rural, Balaka, Mzimba and Dowa. Lilongwe Rural and Balaka were previously active in the first phase of SAPP and will continue to benefit from the project in the second phase while Mzimba and Dowa are new districts.

I.2.2 Project Beneficiaries

The project will reach to 80,000 smallholder households comprising 50% women, 30% youth and 5% Persons with Disabilities (PWDs) and vulnerable groups. These beneficiaries will be selected from the following socio-economic groups:

- (a) *Rural food insecure households*, who have little land around their dwelling and few productive assets (25% of project target). These will receive support on agricultural production and climate adaptation and mitigation interventions. They will also benefit from the livestock pass-on scheme. A significant proportion of these households are likely to be female-headed households and individuals vulnerable to climate change, malnutrition (women of reproductive age and children under five years of age), youth, the elderly, persons with disabilities, persons living with HIV/AIDS and other vulnerable groups.
- (b) *Moderately food insecure households* (20% of project target) involved in low-productivity subsistence crop and livestock farming, also vulnerable to climate change and in need of support to produce surplus to become market oriented. These will receive support to improve their agricultural production and marketing.
- (c) *Market-potential smallholder households* (55% of project target) that are facing fewer productivity constraints, comprising economically active small and medium enterprises requiring support for strengthened marketing and value addition, and possibly previous beneficiaries of SAPP. These are included in SAPP II interventions because they can support poor smallholders in commercial agricultural production acting as lead farmers and co-investments in FFS demonstrations. Mixed groups also decrease risks in rural finance. SAPP II will target 50% women, 30% youth and 5% PWDs and other vulnerable groups.

Besides the 80,000 targeted beneficiaries, SAPP II will benefit those along the selected value chains such as casual laborers and enterprises.

Targeting strategy. SAPP II's targeting strategy will involve the following measures and methods:

Geographic targeting: Based on agreed criteria with Ministry of Agriculture, which include district poverty and vulnerability indexes, climatic risks, food and nutrition insecurity levels, agricultural and market potential as well as potential to synergise and complement with IFAD and other donor programmes, a total of four districts located in Southern, Central and Northern regions of Malawi and

within production corridors were selected. These are Lilongwe Rural and Balaka which were part of the SAPP target districts and two new ones namely Mzimba and Dowa.

With regards the previous SAPP districts, activities will focus on supporting the smallholders that are market ready to commercialize, whilst additional groups facing production and productivity challenges will be supported with GAPs in new and targeted EPAs. This ensures a differentiated approach as commercialization will mostly focus on the previous SAPP Districts, whilst poorer farmers with production & productivity challenges will be supported in the new Districts, to enable them to eventually access markets. In both Mzimba and Dowa (new districts), components 1 and 2 of the project will be implemented. An additional set of criteria will be applied during project start-up phase to inform the selection of EPAs and participating Villages.

Enabling measures: Building on SAPP, SAPP II reinforces the participation of the target groups and their organisations in the planning processes under component 1. It aims at creating and sustaining favourable operational and policy environments for social inclusion and poverty targeting. SAPP II will train project staff and implementing partners on issues related to targeting and social inclusion. Development of a Gender Action and a Youth Action Plans will be part of the start-up. Farmer groups and cooperatives under SAPP will be primarily targeted, given their proportion of small holder farmers, moderate farmers, and those with commercial and market potential with willingness to engage in SAPP II activities.

Empowerment and capacity-building measures. Building on IFAD's experiences in Malawi and as part of the participatory planning, SAPP II promotes empowerment for decision making processes of its target groups. SAPP II works with women, youth and ethnic minorities and their organisations, including women and youth groups, to articulate their specific needs in the various planning and decision-making processes. SAPP II will strengthen further their capacities including access to finance and CSA practices.

Prevention of elite capture. There is a risk that wealthier and influential people could gain access to project resources, for example by influencing the decision on the type and location of infrastructure to their economic benefit. SAPP II has based participatory planning, coupled with free, prior and informed consent procedures and the grievance mechanism. These instruments are likely to inform local government and IFAD and trigger remedial actions, should such malpractice occur.

Self-targeting. The selection of value chains and related infrastructure development will be done based on how likely they are to bring benefits to small holder producers and other target groups.

The selection criteria, mentioned above, should ensure that value chains with the highest inclusion potential be selected, besides the economic and climate resilience related criteria. The participatory planning exercise aims to create interest and obtain the highest possible inclusion of poor women and men farmers, and other target groups.

Direct targeting. Women, youth and PWDs will be directly targeted with access to finance through the defined criteria for loans.

I.3 Programme Estimated Costs and Source of Funding

The Total Estimated Cost for SAPP II is US\$ 50 million with a funding gap of US\$ 15.4 million. IFAD grant will finance US\$18 million (36%), Government of Malawi will take up US\$ 8 million (16%). Discussions with

EU tentatively indicate a funding of US\$2.6 million (5%). Beneficiaries and Private Sector are tentatively estimated to finance US\$ 6 million (12%). There is still a financing gap of US\$ 15.4 million (31%).

I.4 Project Outcomes

SAPP II has three outcomes of (i) increased smallholder productivity and climate resilience; (ii) commercialization of smallholder farming systems promoted; and (iv) strengthened institutional capacity and knowledge management systems. The description of each of SAPP II outcomes is provided below:

Outcome 1: Increased smallholder productivity and climate resilience (IFAD grant: US\$ 2.7 million, Government of Malawi: US\$ 2.8 million, European Union: US\$ 2.4 million)

The focus under this outcome will be on improving smallholder farmers' and farmer groups' productivity and climate resilience. This will be achieved through (i) inclusive value chain and market analysis (ii) enhanced capacity for climate-smart and nutrition production systems, and sustainable management of productive resources (land, soil and water).

Output 1.1: Inclusive Value Chain and Market Analysis (IFAD grant: US\$ 0.354 million and Government of Malawi: US\$ 0.070 million)

Under this output, the project will select and invest in value chains based on a given criteria with a pre-condition that the value chains were already identified under the first phase of SAPP. The first phase of SAPP identified groundnuts, soybeans, pigeon peas, common beans, maize, sunflower, goats and horticulture (tomatoes and onion). Secondly, there will be a market analysis to explore the existing market linkages and constraints affecting producers and agri-business institutions and outline the marketing opportunities to harness. Further, the process leading to selection of commodities and intervention activities will be consultative involving key stakeholder groups – farmers (i.e. associations, cooperatives) and traders.

Output 1.2: Enhanced Capacity for Climate-smart and Nutrition Production Systems (IFAD grant: US\$ 2 million, Government of Malawi: US\$ 2.1 million and European Union: US\$ 2.4 million)

The aim of this output is to upscale Good Agricultural Practices (GAPs) and technologies developed in the first phase of SAPP and in SAPP II. This will be done through improved training, extension services and support to access funds. Specifically, the activities to be implemented under this output are (i) conducting adaptive research, (ii) scaling up and building capacity for GAPs, (iii) nutrition education, (iv) extension services enhancement and (v) gender equality-household approaches.

Output 1.3: Sustainable Management of Productive Resources (Land, Soil and Water)-(IFAD grant: US\$ 0.348 million, Government of Malawi: US\$ 0.631 million and Financing gap: US\$ 2.5 million)

This output aims at reversing the current natural resources degradation process in the project areas through restoration and conservation activities soil, water and food system ecosystems. The expected outcomes from this component include: (a) improved soil fertility (b) decreased soil degradation and erosion (c) Enhanced soil water conservation (d), improved farmer resilience, agricultural productivity and nutrition.

Outcome 2: Commercialization of smallholder farming systems promoted (IFAD grant: US\$ 10.49 million, Government of Malawi: US\$ 1.325 million, Beneficiaries: US\$ 6 million and Financing gap: US\$12.9 million)

This outcome focuses on promoting commercialization of smallholder farming systems which will be attained through (i) strengthening of farmer organization (ii) promotion of market linkages and (iii) promoting access to the farmer challenge fund. Detailed description on the above is provided below.

Output 2.1: Strengthened farmer Organization (IFAD grant: US\$ 2.349 million and Government of Malawi: US\$ 0.553 million)

This output recognizes that farmer groups are key to organize increased productivity and market linkage activities. The following activities will be implemented under this output: (i) identification and assessment of existing farmer organizations operational in target areas (ii) strengthening the capacity of farmer organizations through trainings, counseling and support in business plan development (iii) provision of Business Development Services to farmer organizations by ABOs and extension officers at EPA level and (iv) district ABOs and extension officers capacity will be strengthened through trainings by Training of Trainers.

Output 2.2: Market Linkages promoted based on opportunities to unlock value (IFAD grant: US\$ 2.5 million and Government of Malawi: US\$ 0.772 million)

This output will address outcomes from output 1.1. to ensure that the partnership between competent business development service providers and local extension agents is harmonized. The activities under this output include (i) pre-season market assessment (ii) trainings and counseling to farmer leaders in negotiation skills, contracts and providing market-led production market support.

Output 2.3: Farmer Challenge Fund (FCF) Promoted (IFAD grant: US\$ 5.641 million, Beneficiary Contribution: US\$ 6 million and Financing gap: US\$ 12.9 million)

Following the technical support provided by the SAPP II under the above described project outputs 1.2, 2.1 and 2.2; the Farmer Challenge Fund (FCF) will provide financial resources to implement upgraded agricultural production systems by local farmer groups by women, men and youth. Performance of the supported enterprises will be an integral part of the management of the FCF, with key and standardized indicators for business performance developed.

Outcome 3: Strengthened institutional capacity and knowledge management systems (IFAD grant: 3.308 million and Government of Malawi: US\$ 0.844 million)

This outcome aims to strengthen the institutional capacity and knowledge management systems. This will be achieved through (i) strengthening the capacity of staff and partner institution for SAPP II coordination and (ii) institution building and policy engagement for resilient and market-oriented food systems.

Output 3.1: Capacity of staff and partner institutions strengthened for SAPP II coordination, communication, Knowledge Management and M&E (IFAD grant: US\$ 2.2 million and Government of Malawi: 0.626 million)

Under this output, SAPP II will support three main activities of (i) capacity of staff and partner organizations, (ii) monitoring and evaluation and (iii) knowledge management and communication.

*Output 3.2: Institution building and policy engagement for resilient and market-oriented food systems
(IFAD grant: US\$ 1.106 million and Government of Malawi: US\$ 0.219 million)*

Under output 3.2 two key activities will be implemented under SAPP II and these are (i) the formulation, review and updating of national policies, strategies and regulations that support smallholder farmers and commercialization of agricultural production and (ii) disaster risk management which will specifically focus on (a) building capacity for early warning system response and disaster risk management through improved coordination at the local level, as well as (b) providing recommendations to support the Ministry of Agriculture's contribution to the update of key policy documents and plans for disaster risk management at national level.

SAPP II target beneficiary profiles

Target Group 1: Ultra-Poor and Moderately Poor Households

In Malawi, ultra-poor households are defined as households whose consumption per capita on food and non-food items is chronically lower than the minimum food consumption while moderately poor refers households whose consumption per capita on food and non-food items is fluctuates around the minimum food consumption. Ultra-poor households are always food insecure while moderately poor households are sometimes, but not always. food insecure.

Poverty is high and persistent in Malawi. According to World Bank's Malawi Poverty Assessment Report of 2022, 94% of poor people live rural areas and only 6% reside in urban areas. These poor are unevenly distributed across Malawi's three regions. The South and Central Regions hosts more poor households, 63% and 57%, respectively, than the North, 36%. Cumulatively, the South and Centre account for 86% of the poor and 92% of the ultra-poor households.

Malawi's poor households have larger families and higher dependency ratios than non-poor ones. Families in the poorest quintile have, on average, two more members per family than those in the richest quintile (6.4 versus 4.3). Poor households also have high dependency rates compared to the non-poor (1.6 among the poorest versus 0.8 among the richest) which makes it difficult for these households to transition out of poverty.

The ultra-poor and the moderately poor households are further characterized by low production and productivity due to poor access to modern inputs and technology, limited access to financial services and low human capital endowments, high reliance on family labour, among others. Additionally, these households often have smaller landholdings compared to non-poor households.

In terms of economic activity, ultra and moderately poor households disproportionately depend on agriculture and the main economic activity (and the only economic activity for most ultra-poor households) than do the rich. The ultra-poor mostly produce for consumption while the moderately poor does a little production meant for the market. These households are mostly involved in crop production of the staple crop, Maize. Their participation in livestock production is limited owing to minimal livestock ownership. Only 2% of the poor exclusively practice livestock production against 5% for non-poor, more than half of the poor (51%) practice crop production alone as opposed to 31% for non-poor households, and 38% of the poor combine crop and livestock production. In Malawi where less than 1% of farmers sell their produce to a farmer association and less than 5% use farmer clubs to obtain inputs, market access and participation is even more challenging for poor households.

Poverty in Malawi is systematized by gender of household head. The percentage of female-headed households that are poor is higher (58.3%) than that of male-headed households (49.3%). This disparity resonates geographically where 64.8% of female-headed households who reside in rural areas are poor compared to 57.6% for rural-based male-headed households.

Ultra-poor households face high poverty rates and chronic food insecurity. These require interventions that stabilize their food and nutrition security while building their capacity to graduate from ultra poverty. Moderately poor households, on the other hand, engage in some farming while also pursuing diverse and unskilled, labour-intensive, livelihood-earning activities. This group requires support to shift their orientation to commercial agriculture.

Target Group 2: Market-potential smallholder households

The *market-potential smallholder households* target group includes farmers that are food secure and produce considerably more crop output than they consume within their households and can sell the surplus on the market. According to the World Bank¹, this group comprises at least 7% of the population, has lower poverty rates than most people, at 27%, and better education levels, access to irrigation, and the ability to hire labor. They can use farm inputs more efficiently, have access to land and technology, and are linked to markets.

This target group is market oriented and typically conducts market surveys of what crops are needed on the market, in what quantities, and would plan their production accordingly. These farmers are typically graduates of Farmer Business School (FBS) programs being implemented throughout Malawi where they are taught market-oriented farm business planning, and production. Former SAPP districts of Lilongwe Rural and Balaka implemented FBS and SAPP II would target alumni as the low hanging fruits. A similar target identification model would be applied in the new districts of Mzimba and Dowa. Market potential smallholder farmers are also likely to be organized in groups with marketing sub committees that have negotiation and bargaining power on the market.

Despite the market orientation, these farmers face challenges hindering their graduation into sustainable commercial farming for improved livelihoods. Often, they have the production knowledge and skills but face productivity constraints due to climate shocks as well as access to stable and profitable markets for their surplus. They also have capacity constraints which may be financial or simply lack of access to superior agriculture production technologies. For districts like Balaka where there is overlap with FARMSE, it would be worth exploring the overlap between FARMSE financial access and enterprise development services and this target group. FARMSE beneficiaries that match this target profile already have the business mindset and access to finance which could be directed towards agricultural enterprise.

All four target districts cover the targeted crop and animal value chains for SAPP II which are groundnuts, soybeans, pigeon peas, common beans, maize, sunflower, goats and horticulture (tomatoes and onion). Production volumes for each value chain varies per district and this will influence which commercially viable crop to focus on. For example, Lilongwe leads in annual maize production (320,947 metric tonnes) followed by Dowa (74,010 metric tonnes) with Mzimba (76,692 metric tonnes)

¹ <https://blogs.worldbank.org/nasikiliza/new-pathways-commercialize-agriculture-malawi>

coming in third. Goats are among the agricultural assets owned by this target group with most recently available data indicating goat populations in Balaka² and Mzimba³ to be 236,367 and 202,996 respectively.

Below is additional granulated district level information on income levels, and access to finance, and production capacity for the targeted farmers.

Mzimba

Access to agriculture finance is key to boosting agricultural productivity amongst market-potential smallholder farmers. In Mzimba, only 3.3% of households are perceived to have capacity to save part of their income amplifying the need for external financing of agriculture activities. National Statistical Office IHS5 data shows that 33% of households in Mzimba had some access to finance through borrowing in 2019/2020. The primary use for the loans was to buy food crops (39.4%) with only 2.3% dedicated to purchasing inputs to grow growing cash crops. VSLs were the primary source of financing at 40.6% followed by loan sharks at 12.5%, which could indicate limited access to formal financial services.

According to Mbelwa District Council⁴, Mzimba district has a total of 2.59 million acres of land area out of which 1.45 million acres is arable land. It would be expected that market potential smallholder farmers cultivate on land greater than the average plot sizes for the district, which is 2 acres for Mzimba. Based on recent NSO⁵ statistics, 23.7% of farmers in Mzimba have 2 to 4 to acres of land and only 10.4% have more than 4 acres of land. This implies that 34.1% of farmers in Mzimba are potentially market potential farmers. These farmers can leverage Mzimba's recognized 22 trading centres which can serve as an immediate market for agri-produce from market-potential smallholder households.

Dowa

In Dowa, a mere 2.5% of households are perceived to have capacity to save part of their income which could be used to finance crop cultivation for the market. These savings are not enough and alternative sources of funding are needed. National Statistical Office IHS5 data shows that in Dowa, about 15.3% of households accessed finance through borrowing in 2019/2020. The primary use for the loans was business start-up capital at 47.7% followed by purchase of food crops (37.2%) while 9.1% was invested in inputs for growing cash crops. VSLs were the main source of financing at 32.4% followed by loan sharks with 17.5% which could indicate limited access to formal financial services.

It would be expected that market potential smallholder farmers cultivate on land greater than the average plot sizes for the district, which is 2 acres for Dowa. Based on recent NSO statistics⁶, 30.3% of farmers have 2 to 4 to acres of land and only 8.5% have more than 4 acres of land. This implies that 38.9% of farmers in Dowa could be market potential farmers.

² <https://docplayer.net/183765718-Balaka-district-socio-economic-profile.html>

³ M'belwa District Council Social Economic Profile, 2017-2022

⁴ M'belwa District Council Social Economic Profile, 2017-2022

⁵ National Statistical Office, IHS5 2019-2020

⁶ National Statistical Office, IHS5 2019-2020

Balaka

In Balaka, around 5.9% of households are perceived to have capacity to save part of their income which could be used to finance crop cultivation for the market. National Statistical Office IHS5 data shows that in Balaka, about 14.7% of households accessed finance through borrowing in 2019/2020. The primary use for the loans was to purchase inputs for growing food crops at 45.1% followed by business start-up capital at 36.6% while only 11.6% was invested in inputs for growing cash crops. VSLs were the main source of financing at 77.3% followed by borrowing from neighbors (people the borrower knows within the community) at 10.2% which could indicate limited access to formal financial services.

It would be expected that market potential smallholder farmers cultivate on land greater than the average plot sizes for the district, which is 1.1 acres for Balaka. Based on recent NSO⁷ statistics, 21.3% of Balaka based farmers have 2 to 4 to acres of land and only 3.6% have more than 4 acres of land. This implies that about a quarter of farmers in Balaka could be market potential farmers.

Lilongwe

With a mere 4% of households in Lilongwe perceived to have capacity to save part of their income, access to agriculture finance among farmers is an important lever. National Statistical Office IHS5 data shows that 14% of households in Lilongwe accessed finance through borrowing in 2019/2020. The primary use for the loans was business start-up capital at 63.3% followed by purchase of inputs for food crop cultivation (21.9%) while a mere 1.3% was invested in inputs for growing cash crops. VSLs were the main source of financing at 41.1% followed by NGO grants with 12.4% which could indicate limited access to formal financial services.

It would be expected that market potential smallholder farmers cultivate on land greater than the average plot sizes for the district, which is 1.4 acres for Lilongwe. Based on recent NSO⁸ statistics, 17.1% of Lilongwe based farmers cultivate 2 to 4 to acres of land and only 5% have more than 4 acres of land. This implies that about a fifth of farmers in Lilongwe could be market potential farmers.

I.5 Programme Governance and Implementation

The Ministry of Finance and Economic Affairs (MFEA) will formally represent the GoM on matters of SAPP II as the recipient of the grant from IFAD, while the MoA will be the lead implementing agency, providing strategic policy guidance and oversight of SAPP II. The PS Agriculture will be the Chairperson of the Programme Steering Committee (PSC), which will be established under SAPP II. Other members of the PSC will include Principal Secretaries for Ministries of Trade and Industry, Local Government, Unity and Culture; Gender, Child Protection and Social Welfare; Youth and Sports; Natural Resources and Climate Change; Health and the Chief Executive Officers for the Lilongwe University of Agriculture and Natural Resources (LUANAR); National Association of Smallholder Farmers in Malawi (NASFAM); Malawi Confederation of Chambers of Commerce and Industry (MCCI); Farmers Union of Malawi (FUM), Malawi Bureau of Standards and Civil Society Agriculture Network (CISANET).

⁷ National Statistical Office, IHS5 2019-2020

⁸ National Statistical Office, IHS5 2019-2020

The PSC will be responsible for programme oversight whilst a Programme Technical Committee (PTC) will be established to provide technical support to both the PSC and the Programme Management Unit (PMU). The Director of Agricultural Planning Services will be the chair of the PTC. The members of the PTC will mirror the membership of the PSC and other technical Directors of the Ministry of Agriculture, including the Head of the National Agriculture Investment Programme (NAIP).

The day-to-day project implementation of SAPP II will be the responsibility of an independent PMU, established under the aegis of the Ministry of Agriculture. The staffing configuration will comprise a Programme Coordinator, M&E Officer, Assistant M&E Officer, Knowledge Management Officer, Programme Accountant and Assistant Programme Accountant, Gender, Youth, Nutrition and Social Inclusion Officer, Grants Management Officer, Environment and Climate Officer, Procurement Officer, Assistant Procurement Officer, Agribusiness Officer, Administrative Officer/Assistant, Messenger and four Drivers. Members of staff of the PMU will be appointed by GoM based on their satisfactory performance reports over the past two years as a minimum and overall suitability for the position determined by an **independent job suitability assessment**. Where suitable candidates have not been identified, GoM will recruit from the market. The process of engaging PMU staff will require IFAD's No Objection at the following stages: i) final TORs of the PMU staff, ii) recruitment of an *independent* job suitability assessment consultancy service, and iii) approval of the final recommendations prior to engagement of the PMU team.

Technical departments of MoA will closely interface with the PMU and support programme implementation by providing technical expertise in the relevant technical areas of the programme – including crop development and animal health and livestock development, agriculture extension and agribusiness, research, land resources conservation and natural resources management.

At the district level, the District Commissioners will provide programme implementation oversight through the office of the Director of Agriculture, Environment and Natural Resources, working closely with the Directors of Planning and Development. Programme Implementation will follow the existing Decentralized Agriculture Extension Service System (DAESS) including Departments of Gender, Youth and Community Development to reach out to the community. The role of the district councils will include the identification and mobilization of beneficiaries, provision of agricultural extension services, facilitating partnership arrangements for production, aggregation and marketing and M&E. The PMU will support the district councils to establish an implementation team to coordinate the implementation of programme activities. The Agricultural Development Divisions (ADDs) will provide oversight of the district councils in the implementation of SAPP II.

District level staff undertakes key community mobilization and empowerment to ensure ownership and sustainability of community initiatives. Activities will include (i) the selection of project areas which include socio-economic assessments and beneficiary identification in each EPA in close consultation with DAEC and Traditional Authorities and will use defined criteria to identify project areas and villages that will constitute the focal area of project implementation.

Community awareness: Project staff will deliver orientation sessions at District, EPA and village meetings to inform the target smallholder farmers (SHFs) about SAPP II. The objectives, activities and criteria for participation will be shared with potential beneficiaries.

Meetings will be held in identified villages to introduce SAPP II through Participatory Rural Appraisal (PRA) to create interest amongst the poor and vulnerable households engaged in subsistence farming, those with potential to engage commercially and market-oriented SHFs who would like to participate in the

project. (iii) Selection of poor households and SHFs will be identified using the project targeting strategy on the basis of a wealth ranking, poverty and vulnerability assessment exercise involving all key stakeholders in the targeted communities after the project has presented its objectives and targeting criteria.

The selection process and lists will be validated by the Village Development Committees (VDC) and local leaders and (iv) Preparation of a detailed database and lists per EPA of the selected target beneficiaries. These lists need to be shared and kept at all implementing levels. The target beneficiaries will include 50 percent women, 30 percent youth (comprising 50 percent of young females) and 5 percent PWDs and vulnerable groups.

1.6. SAPP II Governance and Oversight Mechanisms

The Programme implementing districts shall prepare their annual work plans and budgets that are aligned to the Programme document. The preparation of the budgets shall be initiated by the communication of budget ceilings from the Programme Management Unit (PMU) in line with the provisions in the Programme cost tables for a particular year of implementation. The prepared annual work plans and budgets shall then be submitted to the responsible technical departments for their feedback and consolidation. The consolidated annual work plans and budgets would then be submitted to the PMU for further scrutiny in terms of alignment with the Programme document and cost tables. The submitted work plans and budgets would then be centrally consolidated by the PMU into the Programme annual work plan and budget. All financial requests related to programme activities shall be approved by the National Programme Coordinator upon prior review by the Programme Accountant.

The PMU, through the National Agriculture Investment Plan (NAIP) Secretariat, shall convene a Programme Technical Committee (PTC) meeting to review the consolidated annual work plans and budgets. In reviewing the annual work plans and budgets, the PTC shall, among others, consider provisions in the programme cost tables for the financial year in question, achievement of the programme output targets in the previous financial year and cumulative expenditure incurred by the programme under each outcome. Upon being satisfied that the consolidated budgets and annual work plans are well aligned with the Programme document and cost tables, then the PTC shall recommend for approval of the Programme annual work plans and budgets to the Programme Steering Committee (PSC). The PTC recommendations would also include proposed solutions to other issues that could be negatively impacting on the programme implementation for policy guidance by the PSC.

At PSC level, the annual work plans and budgets shall be reviewed to assess if they are corresponding to government policies and strategies.

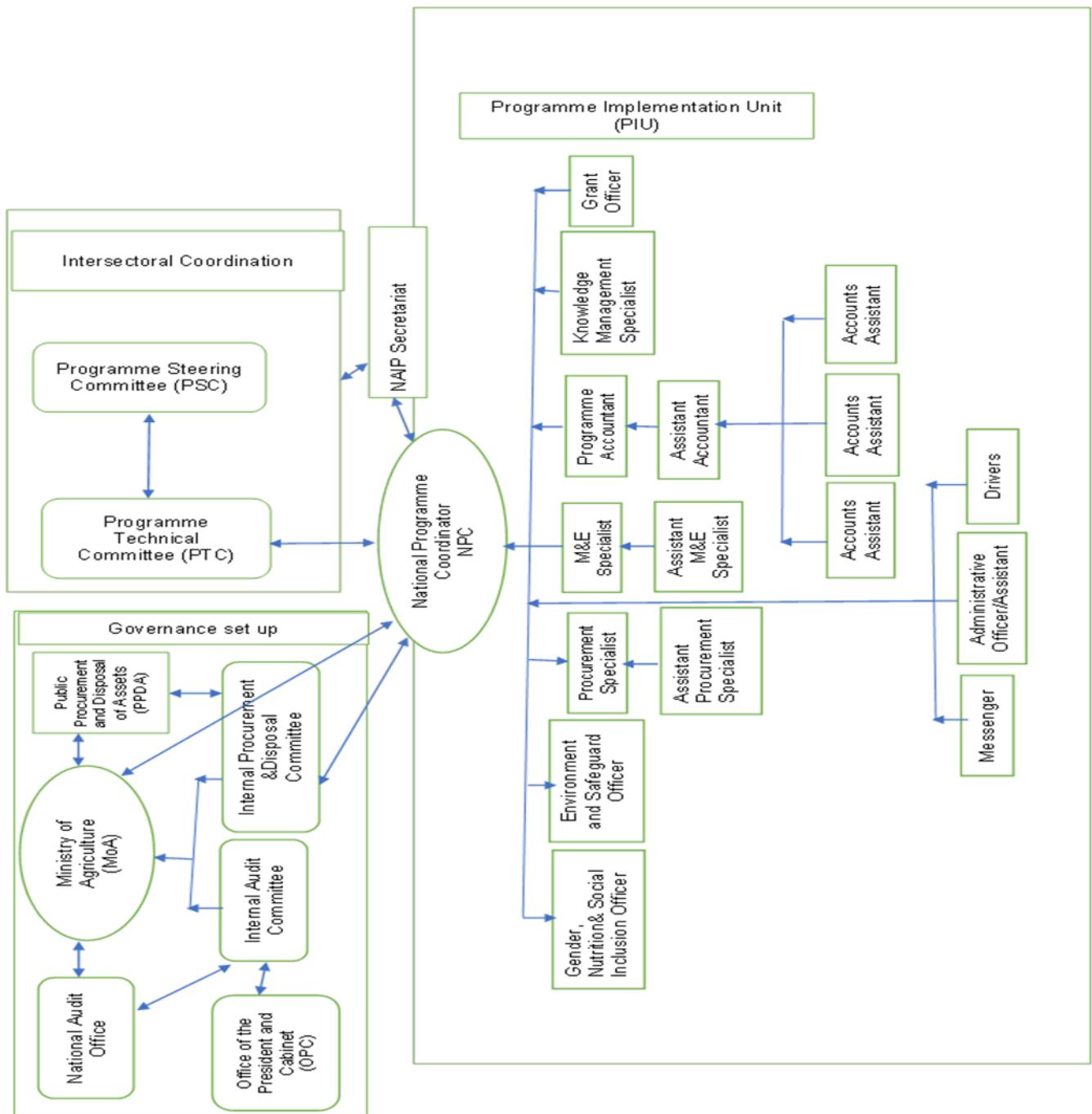
In addition to approving Programme annual work plans and budgets, the PSC shall meet to review implementation progress of the Programme based on production of the Programme's progress reports. The review shall focus on Programme output targets against achievements and any other critical issues affecting implementation of programme activities. During these meetings, the PSC shall provide policy support in implementation of the Programme so that it efficiently achieves the intended objectives. The PSC shall also provide strategic direction in relation to the implementation of the NAIP and enhance inter-

ministerial and stakeholder coordination during implementation of the program. The PSC shall share programme reports with the NAIP Executive Management Committee (EMC).

Procurement plans shall be prepared based on approved annual work plans and budgets. This shall then be submitted to the IFAD for “No objection”. After the approval, every corresponding activity in the procurement plan shall be submitted to the National Programme Coordinator for approval. During approval, the coordinator shall assess if the procurement is in line with the procurement plans. After being satisfied, the procurements shall be presented to the Ministry of Agriculture’s Internal Procurement and Disposal Committee for review and approval. In cases of any prior review procurements, a request would be submitted to IFAD for “No objection”. After approval, then the procurement process shall proceed.

The Programme, through the PMU, shall comply with both internal and external audit requirements by providing logistical support to internal and external auditors. Under the guidance of the Ministry of Agriculture’s Internal Audit committee, the PMU shall respond to issues raised in the internal audit report. In case of external audits, the PMU shall respond to audit queries in the draft audit report. The final audit report that contains findings that have been agreed upon shall be shared with IFAD and Government of Malawi for review and feedback (for specific details refer to III.1 of the PIM).

Figure 1: Diagrammatic Presentation of PMU and Dependencies of Government Structures



Institutional Roles and Responsibilities – Implementation of SAPP II

Name of Institution	Roles and Responsibilities
Ministry of Finance and Economic Affairs	Support project implementation by ensuring timely passage of the IFAD/GoM financing agreement and flow of funds from IFAD to SAPP II
Ministry of Agriculture	Lead Programme implementation agency and providing strategic policy guidance and oversight of SAPP II
Programme Steering Committee	Providing Programme implementation oversight, including providing approval of the AWPB, staff recruitment and key Programme decisions
Programme Technical Committee	Providing technical support to the PSC and the PMU to ensure programme implementation is as designed
Technical departments of MoA	Interface closely with the PMU and providing implementation support through their technical expertise
District Council	Coordination of SAPP II implementation at the district level through a district planning and implementation support team. Community mobilisation and beneficiary selection of specific project areas in SAPP II districts
District Agriculture Extension Coordination Committee (DAECC)	Providing technical backstopping at district level, ensuring equity and providing checks and balances to avoid duplication of efforts by agriculture stakeholders in the same areas
Internal Procurement and Disposal of Assets Committee	Review and approve all procurement requests, monitor that procurement actions are well executed as per Financial Agreement
Village Development Committee	Coordinate village meetings for community mobilisation and working closely both with the traditional leaders and district implementation team of SAPP II.
Grievance Redress Committee	Record, resolve and monitor issues of grievances emanating from SAPP II.

PART II: DESCRIPTION OF ACTIVITIES

II.1 Outcome 1: Increased smallholder productivity and climate resilience

II.1.1 Output 1.1 Inclusive value chain and market analysis conducted.

The Department of Agricultural Extension Services (DAES) will lead in conducting inclusive value chain and market analysis, through service providers.

Value chains will be prioritized and selected based on the following criteria: (i) the commodity is drawn from SAPP first phase commodity menu, (ii) the commodity is produced or can be easily produced by most targeted beneficiaries (potential for volume aggregation and scale), (iii) there are existing and growing market opportunities for the commodity (existence of SMEs, existence of processors), (iv) the commodity is profitable (positive gross margins and share of value gained by the beneficiaries), (v) feasibility for production in the agro-ecological conditions of the target area/climate resilience, (vi) the commodity presents opportunities for participation of youth and women, (vii) the commodity has nutrition improvement potential for the beneficiaries, (viii) availability of complementary support to the other actors along the value chain, and (ix) associated with low environmental hazard.

The identified commodities will be subjected to detailed analyses aimed at identifying market linkage constraints faced by value chain actors (farmers, farmer groups, traders, agro processors) and thus determine investment opportunities and strategies for SAPP II. The activity will investigate the nature of existing market linkages, identifying factors constraining producers to linkage with existing markets as well as those faced by agribusiness institutions in dealing with farmers producing the respective commodity. The analysis will clearly outline available opportunities to increase the profitability for farmers and/or agribusiness firms. The process leading to selection of commodities and intervention activities will be consultative involving key stakeholder groups – farmers (associations, cooperatives) and traders. PMU will undertake a mapping of value chains that have already been prioritised and analysed (through other donor programmes and initiatives) in each of the SAPP II Districts, to identify gaps and inform the value chain selection and analysis exercise.

Specific activities will include:

- i. Developing Terms of Reference to recruit a consultant or service provider to undertake value chain assessment and prioritization study.
- ii. Based on the findings from the study and the prioritised value chains, SAPP II will develop a roll-out plan to identify key market actors to partner with and opportunities for development of the prioritised value chains

II.1.2 Output 1.2: Enhanced capacity for climate-smart, nutrition-sensitive production systems and gender transformative approaches

Activity 1.2.1 Adaptive Research

Under output 1.2 the main activities will be to promote the adoption of technologies that were developed by the Department of Agricultural Research Services (DARS) during SAPP implementation. Based on new

needs and emerging challenges in the respective targeted production systems and value chains, DARS will undertake further research and generate new technologies that respond to market needs and opportunities. For seen research areas could involve generation of low cost equipment for value addition and agro-processing, technologies to reduce postharvest losses as well as promote smallholder mechanization needs and gaps. It is expected that by end of the project, fifteen(15) technologies will be generated and promoted for farmers' use in the target districts and Malawi as a whole, which will all have a determined relevance to market-focused production and productivity. Where relevant, technologies will be evaluated for three cropping seasons cycle where enough data will have been collected, proposals for technologies release will be developed and presented to the market actors and stakeholders, including the Ministry's Agricultural Technology Clearing Committee (ATCC), for testing and possible adoption. . For the emerging challenges relating to market-focused production, new experiments will be designed and implemented at research centres and farm level.. Research proposals and results will be presented annually at DARS for review .. In addition to DARS reviews, results will also be presented annually to stakeholders and market actors for feedback. Adoption of the developed technologies will be and monitored through farmers' assessment during field days, adoption studies, agricultural fairs and stakeholder feedback among others, and the overall response to the market demand.

Sub-Activity 1.2.1.1: Develop crop seed and livestock breeds systems

In order to address identified gaps in the production chain, SAPP may support development of breeding programs for selected products prioritized during value chain analysis and prioritization (both crops and small livestock sectors). Priority will be on value chains that offer potential for commercialisation. programs for the various targeted value chains.

In order to increase and maintain access to high quality seed, production of Early Generation Seed (EGS) will be promoted. The promotion of EGS production will help maintain the genetic potential and identity of targeted varieties and regular provision of high quality breeder seed, which is the basis for subsequent seed production for different value chains. The production of EGS will address the lack of quality EGS, which has created a bottleneck in the input supply chain and has held back farmers who are eager to expand the production of seed for various crops.

SAPP II will promote breeding systems for goats and chickens to address low productivity challenges. The livestock breeding programme will among others involve multiplication of stud breeds for goats and characterization of farm animal genetic resources. Use of certified seed and stud goat breeds will be promoted among communities in the targeted districts through a coordinated pass-on programme.

Sub-Activity 1.2.1.2: Adoption of climate smart agriculture technologies and practices

SAPP II will promote adoption of climate smart and resilient technologies, including putting in place demo place, providing key extension messages as well as general awareness raising. related practices and to conduct seed monitoring in markets. The specific tasks will include:

- i. Promotion of of climate smart agriculture technologies e.g. cereal-legume-livestock integration and conservation agriculture.
- ii. Promotion of climate-smart agronomic technologies and practices on priority crops and livestock production systems and value chains.

Sub-Activity 1.2.1.3: Develop and promote nutrition -responsive technologies

SAPP II will promote dietary diversification among women and children through development and dissemination of nutrition-responsive technologies. Nutrition and health related activities will likely focus on food security and the utilization of protein-rich food cereal, legume and tuber crops for nutrition and health impacts; and possible methodologies to promote their production, particularly common beans, cowpeas, pigeon peas, cowpeas, soybean, potato, banana and sunflower.

Sub-Activity 1.2.1.4: Develop and promote pre and post-harvest handling and food safety technologies

SAPP II will make investments on pre and post-harvest activities that will focus on increasing use of targeted crop products in the food and feed industries, for example by improving processing technologies and by exploring potential new commercial applications, for instance groundnut (paste/peanut butter and oil) and soybean (for cake, oil, feed). Other activities will also focus on testing technologies and business models for post-harvest products of various value chains to increase product quality and market value. Planned tasks under this sub-activity will include the following:

- i. Conducting baseline study on pre and post-harvest management practices
- ii. Developing and promoting integrated pest and disease management technologies
- iii. Conducting evaluation trials on new pre and post-harvest technologies
- iv. Ensuring compliance to agro-processed products and certification by the Malawi Bureau of Standards (MBS).
- v. Conducting ToT trainings for frontline and lead farmers on pre and post-harvest management practices including mycotoxin management and bio fortified targeted crop varieties.
- vi. Conducting on-farm demonstrations on pre-and post- harvest management.
- vii. Developing and promoting food safety technologies e.g. pre and post-harvest management of aflatoxin
- viii. Capacity building for technical staff on integrated pest and disease management (IPDM) technologies and practices.

Sub-Activity 1.2.1.5: Enhance capacity and technology dissemination

The payoffs to investments in agricultural research and development made under SAPP will depend ultimately on the success of technology dissemination efforts in SAPP II, so promoting training in production practices or technologies remains an important long-term goal of the project. SAPP II invests substantial amount of resources to finance dissemination activities on a large scale, by leveraging on existing technology transfer systems and focus on supporting linkages between research and extension systems.

SAPP II financing will be used to address a range of bottlenecks known to slow down technology dissemination namely (i) weak research-extension-farmer linkages; (ii) lack of human capacity within the national extension systems; (iii) inadequate technology reference manuals, bulletins, information leaflets at grassroots; (iv) lack of harmonization of information packaging; (v) limited information flow and feedback within the system (vi) limited use of mass communication channels and (vii) inadequate training.

SAPP II will address some of the bottlenecks between technology generation and dissemination, for example by improving the content and accessibility of technology messages and knowledge products; improving the capacity of lead farmers, extension agents and advisory service providers; and improving farmer-research-extension feedback mechanisms.

The following tasks will be carried out under this sub-activity to promote enhanced and diversified extension delivery services of improved agricultural technologies.

- i. Conduct on-farm participatory research in collaboration with a range of partners, including researchers, extension agents, seed companies, and NGOs. The data generated will be used to improve plant breeding efforts and meet varietal registration requirements
- ii. Conduct demonstrations, field days, and science fairs to promote interaction with the farming community, raise awareness of new technologies, and facilitate their dissemination.
- iii. Mobilize electronic and print media (including community radios, social media to communicate information about research and dissemination activities being supported by SAPP II).
- iv. Promote provide sector led extension services, involving aggregators, agro-dealers, and offtakers.
- v. Produce extension circular booklets, posters, brochures, pamphlets and other technical publications for use in technology transfer activities
- vi. Produce catalogue of released technologies, training manuals, booklets, policy briefs and scientific publications to facilitate knowledge transfer
- vii. Conduct technology release workshops and scientific conferences to disseminate technologies
- viii. Conduct farmer agriculture fairs to showcase the released technologies
- ix. Conduct community, livestock/seed/planting material pass on programmes to increase access to high quality livestock breeds and planting materials (seeds and vegetatively propagated) by the farming communities

Activity 1.2.2: Scaling-up and Building Capacity for GAPS

Technologies developed during SAPP will be scaled up through demonstrations, campaigns, trainings and Farmer Field Schools (FFS). The FFS will focus on building capacity for more complex production practices like intercropping, water harvesting, soil fertility improvement, while more simple GAPS will be demonstrated and scaled-up through demonstrations and campaigns.

Sub-Activity 1.2.2.1: On Farm Demonstrations

The Department of Agriculture Extension Services (DAES) will coordinate on farm demonstrations to be implemented under SAPP II.

Demonstrations will be done as one way of scaling up adoption of new technologies and good agriculture practices. The technologies that are being promoted by the programme will be demonstrated together with other identified areas by field staff. For all the areas where gaps have been identified, there will be participatory development of demonstration protocols to address them. The protocols will focus on the crop, varieties, field operations, spacing, time for field operations. The protocols will therefore be a measure on how well the technologies or good agricultural practices are being demonstrated to farmers. Before any demonstration is done, the site for the demonstration will be assessed to determine suitability and ensure that the site does not affect performance of the demonstration. The host farmer will also be carefully selected, to ensure that they enhance learning among fellow farmers by among other things following all recommendations as guided by the field staff. The programme will support some demonstrations with inputs while some demonstrations will use farmers' inputs. The mobilization of these inputs will have to follow the calendar of field operations as outlined in the protocols. Farmers and community members will be sensitized on the demonstration so that they participate in all On Farm Demonstrations (OFD) that will be taking place on the site. Demonstration sign posts will be mounted to enhance visibility and learning. Field days will be organized at various stages to allow the community learn

from the demonstration. All relevant stakeholders, IEC materials will be made available to support the field day

The specific tasks will include:

- i. Identify areas requiring demonstrations
- ii. Develop demonstration protocols
- iii. Support Demonstrations with inputs
- iv. Mount Demonstrations
- v. Conduct Field days

Sub-Activity 1.2.2.2: Campaigns

DAES will lead in conducting campaigns in order to influence behaviour change, mobilise communities into action, as well as support technology adoption. An analysis of the gaps that exist in the communities will be conducted so as to properly strategize as to whether the campaign will focus on knowledge, attitude, some good practices or all of the three. Objectives and themes for the campaign will therefore be drawn, after which messages will have to be developed and customized to strategically address the identified issues. A number of multimedia approaches will be used to reinforce each other during the campaign, these channels will be carefully chosen to ensure that in all the stages of the campaign, messages are effectively disseminated; be it during awareness, mobilization, campaign or evaluation stage of the campaign.

Specific tasks will include:

- i. Identifying areas requiring campaigns
- ii. Developing campaign messages
- iii. Developing campaign strategy
- iv. Conducting campaigns

Sub-Activity 1.2.2.3: Training and Farmer Field Schools

The Department of Agricultural Extension Services will lead in the implementation of Farmer Field Schools and will be supported by all technical departments to ensure effectiveness and quality control. Farmers will be sensitized and later mobilized into Farmer Field Schools; existing farmer groups shall equally participate as FFS. Using participatory methods, priority problems shall be identified and prioritized, a gap analysis shall be done from which priority enterprise phenology and studies shall be developed. A seasonal calendar for implementing the studies will be done with the farmers. The programme will support farmers with inputs to implement FFS where studies will focus on the priority crop and livestock value chains for each district. Farmers will be mobilized to mobilize and contribute inputs to ensure sustainability of the schools. The farmers will continuously do an Agro-Ecosystem Analysis (AES) as part of their learning in the FFS.

After graduating from the FFS, selected “model farmers” will be identified and paired with at least one other farmer, to reproduce and continue disseminating the GAPs learnt. To incentivise participation, model farmers will be supported with inputs and will report their progress in disseminating GAPs to DAES. They will be selected based on their involvement and performance in the FFS and their capacity to influence and communicate with other farmers.

The Programme shall employ the FAO KULIMA Model where Master Trainers (MT) and Community Based Facilitator (CBF) shall be used. In this regard, MTs and CBFs shall undergo intensive season long training

at designated Residential Training Centres (RTCs) to complement the existing numbers trained under KULIMA. The programme will use available community based facilitators (CBFs), in areas where they are not available, lead farmers will be trained to become CBFs. Every CBF will have a FFS that they will be supporting. The CBFs will work hand in hand with available Master Trainers. The programme will also map out all FFS initiatives in the programme impact areas, so as to document the lessons learnt and track how they are contributing to change in farmers' good agricultural practices.

Special topics shall be used to promote awareness and increase participants' knowledge in other emerging issues such as gender, nutrition, climate change and disaster risk management. To promote sustainability, all FFS groups shall implement Income Generating Activities (IGAs) of their choice based on market availability and implement Village Savings and Loans and/or apply to the FCF.

The National Technical team on FFS with support from districts technical teams and MTs shall vet all validation studies prior to implementation of FFS. In addition, the team shall revise the curriculum for training MTs and CBFs, where necessary. The following departments shall play various roles in the implementation of FFS.

The department of Agriculture Extension Services shall carry out the following tasks:

- i. Community awareness and mobilisation of farmers into FFS groups
- ii. Identification and training of Master Trainers and Community Based Facilitators
- iii. Conducting situation analysis and gap analysis
- iv. Leading the development and reviews of FFS season long curriculum for MTs, CBFs and FFS groups
- v. Leading development and vetting of validation studies
- vi. Leading in the development of crop phenology and livestock husbandry practices
- vii. Day to day implementation of Farmer Field Schools including conducting AESA and daily schedules
- viii. Procurement and distribution of inputs to support FFS implementation
- ix. Mapping of FFS initiatives
- x. Facilitating data collection, monitoring and evaluation using the Monitoring, Evaluation and learning tool that was developed under KULIMA
- xi. Facilitate learning routes and field days on FFSs
- xii. Facilitate the identification of scientist and subject matter specialists to cover special topics as per curriculum demands
- xiii. Facilitate special topics on gender, nutrition, agribusiness, facilitation skills and other emerging issues

The Department of Agricultural Research Services will lead the implementation of research related interventions on crop and livestock enterprises. The Department of Agriculture Research Services shall specifically be responsible for the following tasks:

- i. Formulation of permanent study plots on land and soil management, climate smart agriculture (Conservation Agriculture (CA)), plant protection and livestock production systems.
- ii. Support the development of crop phenology and livestock for the selected enterprises to be pursued under the season long FFSs

- iii. Development of adaptive research study protocols to be used in the implementation of the validation studies
- iv. Lead and provide guidance on data collection and interpretation to be used in the study evaluations
- v. Support MTs and CBFs in the implementation of outreach FFSs specifically on special topics and data collection and management
- vi. Follow-up on farmer managed study on adherence to specific technology

The Department of Crop Development will be responsible for all special topics focusing on the technical aspects of crop enterprise production and provision of technical backstopping in the implementation of FFS. Specifically, the Department of Crop Development shall carry out the following tasks on FFS:

- i. Develop training materials for pre and post-harvest management practices including mycotoxin and on nutritional sensitive and bio fortified crops
- ii. Implement special topics on pre and post-harvest management practices including mycotoxin and for nutritional sensitive, bio fortified crops and Integrated Pest Management (IPM)
- iii. Provide technical guidance and quality control in the procurement of seed / planting material for nutritious sensitive /bio-fortified crops (beans OFS and others)
- iv. Promote seed multiplication as and Income Generating Activity (IGA) for the FFS groups Technically support the development of crop enterprise phenology
- v. Participate in conducting GAP analysis
- vi. Participate in the development and vetting of validation studies
- vii. Procurement and distribution of 40,000 fruit tree seedlings for distribution to FFS members

To ensure that Frontline staff and Master Trainers adequately support the implementation of Farmer Field Schools by the CBFs, the Department of Crop Development shall run off-the FFS short term training of 700 frontline staff on the following areas:

- Pre and post-harvest management practices including mycotoxin and for nutritional sensitive and bio fortified crops
- Integrated Pest Management
- Seed production under seed pass-on initiative
- Migratory pest management
- Fruit tree orchard establishment and fruit tree seedlings propagation
- Good Agricultural Practices for groundnuts, sunflower, in line with MBS quality standards
- Community based migratory pest forecasting

The Department of Animal Health and Livestock Development (DAHLD) shall promote Livestock Farmer Field Schools in the implementation of SAPP II activities. The Livestock focused FFS will enable small-scale livestock producers to learn in different contexts and conditions and will also be a valuable tool for building sustainable livestock production systems and rural development.

The Department of Animal Health and Livestock Development will implement the following tasks in the implementation of FFS:

- i. Community awareness and mobilisation of farmers into livestock FFS groups
- ii. Identification and training of Master Trainers and Community Based Facilitators on livestock FFSs

- iii. Provide technical guidance in conducting gap analysis on livestock enterprises.
- iv. Leading the development and reviews of livestock FFS production cycle long for MTs, CBFs and FFS groups
- v. Leading development and vetting of validation studies on livestock
- vi. Support the development of livestock husbandry practices guide for use under FFS.
- vii. Day to day implementation of Livestock Farmer Field Schools including conducting AESA and daily schedules.
- viii. Procurement and distribution of livestock species and breeds for use under FFS and for Income Generation among the FFS groups under pass-on arrangement.
- ix. Facilitate the identification of scientist and subject matter specialists to cover special topics as per curriculum demands.
- x. Facilitate special topics on animal health and husbandry practices.

To ensure that Frontline staff and Master Trainers adequately support the implementation of Farmer Field Schools by the CBFs, the Department of Animal Health and Livestock Development shall run off-the FFS short term training of 80 frontline staff on the following areas:

- Specimen collection
- Disease surveillance
- Refresher training on livestock management and leadership
- Drug box management and utilization
- ToT community-based breeding Programme

Activity 1.2.3: Nutrition education

Nutrition education under SAPP II will be aligned with the national Multi-Sector Nutrition Education and Communication Strategy (NECS) II 2021-2025 to promote dietary diversity, influence cultural food taboos and religious beliefs that discourage consumption of some nutritious foods particularly among the vulnerable groups and promote water sanitation and hygiene. Nutrition education will be integrated into all the project delivery mechanisms, such as Household approaches, farmer organisations, Farmer Field Schools etc. Nutrition champions and social influencers (men, adolescents, and youth) will be identified and coached to model positive nutrition behaviours and leverage on existing training materials. The nutrition education activities will be anchored by the Department of Agricultural Extension Services in conjunction with the nutrition section at the Ministry of Agriculture Head Quarters. In implementing nutrition education activities, the Department of Agricultural Extension Services shall work with the Agricultural Development Divisions (ADDs) and SAPP II target districts. The actual implementation of nutrition education interventions will be done at the target districts.

The Department of Agricultural Extension Services in conjunction with the nutrition section at the Ministry of Agriculture Headquarters will implement the following tasks:

- i. **Conduct nutrition demonstrations:** nutrition education demonstrations will be to enforce behaviour change among the target beneficiaries. The demonstration sessions will focus on optimal food hygiene and sanitation, nutrient rich recipes for appropriate complementary feeding including underutilized foods, food preparation, processing, preservation and storage.

- ii. **Identification and mapping of nutrition champions:** with support from extension staff and the local structures and leader's, nutrition champions and most influential leaders will be identified to promote nutrition messages at community level and enforce behavior change on dietary practices. Action plans will be developed to be engaged with district councils, area development committees, village development committees, traditional authorities and villages. Ensure that the coverage is within reachable distance. Implementation of the action plans will be regularly monitored and evaluated.
- iii. **Development and dissemination of nutrition messages:** in collaboration with the communication specialists, nutrition IEC materials will be developed, produced and disseminated at all levels. The messages on IEC materials will focus on consumption of nutrient-rich diversified diets. The messages will also be disseminated through radios, drama and nutrition open days.
- iv. **Training of Staff:** staff will be trained on nutrition sensitive agriculture and food systems.
- v. **Scaling up Integrated homestead gardens:** Integrated homestead gardens will be scaled up from SAPP, linked to care groups and targeting food insecure and most vulnerable households, such as PLWHAs with children under 2 years, adolescents etc. The aim is to increase dietary diversity and ensure seasonal availability of nutritious foods at the household level. The care group mothers will receive inputs such as seeds, planting materials (vegetables, fruits, neglected and nutrient dense underutilized species, and fortified crops) and small livestock, preferably non-conventional fast multiplying livestock through the pass-on system. All livestock pass on activities will be led by the Department of Animal Health and Livestock Development. The care groups will be linked to the local extension services. The care groups will also receive support to conduct Social Behaviour Change and Communications (SBCC) at the village level such as awareness campaigns, cooking demonstrations to promote positive nutrition behaviours. Key interventions include the following;
 - a. Procuring start-up (IHG) inputs for care groups and adolescents. Beneficiary preference will be identified with support from the local extension staff. In collaboration with the Veterinary Officers, beneficiaries will be guided on how to construct livestock houses prior to distribution. Similarly, demonstration on vegetable gardens will be conducted on strategic places where beneficiaries can learn how to produce vegetables. Ensure conformity to the recommended standard of gardens and kholas before inputs distribution. Identify reliable suppliers of the inputs. Local chickens sourced within the communities will be promoted.
 - b. Training on Integrated Homestead Gardening for care groups and adolescents. Groups will be taken into training sessions on Integrated Homestead gardens for sustainability. Action plans will be developed after the training which will be monitored on regular basis.
 - c. Demonstration sessions on complementary food preparation and processing. Preservation and storage focusing on locally available foods including the indigenous, under-utilized nutrient-rich diversified foods. At each and every training session, participants will conduct food displays where nearby households including local leaders and champions will come to appreciate recipes and the food products that were developed during the training.

- d. Awareness campaigns on taboos, customs and harmful practices that hinder consumption of certain nutritious foods. In collaboration with communication Officers, champions, Drama groups campaigns will be conducted to sensitize the community on effects of taboos and harmful practices on positive outcomes of nutrition. Key problems will be identified prior to the campaign and theme and messages will be developed and shared with the champions, drama groups.
- e. Interactive theatre for development performances promoting consumption of nutrient-rich diversified diets. Talented people will be identified with support from frontline extension workers and the community structures for theatre groups, trainings will be conducted, key messages for dissemination will be shared with the theatre groups. Action plans for implementation will be developed.
- f. Household visits by care group members (peer-to-peer interaction). Local tours for care groups will be facilitated to promote peer to peer extension. Documentation of what they have learned and commitment for implementation will be done. Extension staff will follow up on the adoption of good practices.
- g. Mentoring sessions with care group volunteers on household visits and one-on-one counseling. Volunteers will have briefed objectives of the home visits and importance of working towards achieving the objective. Factors that can encourage uptake of nutrition messages and those that hinder uptake of nutrition message will be included in the brief.
- h. Conduct assessment of dietary practices; Nutrition surveillance will be conducted twice a year to access dietary practices, food security scores, income and knowledge in nutrition among beneficiaries using household security score, food security score, income assessment score and nutrition education score. The report will be disseminated at all levels.

Activity 1.2.4: Extension Services Enhancement

Sub-Activity 1.2.4.2: Implement Digital Extension

Digital extension will be used to enhance farmer coverage and compliment conventional extension services. The National Content Development Committee (NACDC) that develops and customizes content for various platforms will be engaged to support development of content for SMS, APPs, Radio and TV. The Department for Agriculture Extension Services (DAES) shall roll out the App developed under the first phase SAPP to all project sites. Additional farmers shall be profiled to receive targeted SMS based on their enterprises, these farmers shall be oriented on how they can disseminate the messages they receive to fellow farmers. Radio and TV programmes shall be developed and disseminated through national and community broadcasting stations. The Call Centre shall be used periodically for farmers to call for free and get assistance on areas that they do not understand. The Call Centre shall be used to also monitor farmer usage of the digital platforms.

The specific tasks will include:

- i. Develop messages for digital platforms
- ii. Profile farmers to receive SMS

- iii. Produce radio, TV programmes
- iv. Facilitate formation of radio listening clubs in the implementation areas
- v. Review and update APP
- vi. Disseminate extension messages through digital platforms
- vii. Reaching out to farmers through hotline services (Call centre)

Sub-Activity 1.2.4.2: Implement PICSA Approach

ICT solutions and all other forms of extension services, including on-farm trials and demonstrations will be rolled out according to the PICSA approach, with tailored advice provided based on seasonal forecasts. This will involve building capacity of all extension service providers, particularly in new districts.

Weather services shall be integrated into agriculture activities to ensure that farmers remain productive by using weather service in their activities by using the Participatory Integrated Climate Services in Agriculture (PICSA) approach. Staff and lead farmers shall be oriented on the approach. Review and planning sessions that follow the PICSA steps shall be organized to allow for good planning and integration of weather services. The programme will organize sessions that translate the yearly seasonal forecasts into district specific agriculture messages that farmers can use in their activities.

The Department of Agriculture Extension Services will implement the following tasks:

- i. Identify staff and lead farmers to be oriented on PICSA
- ii. Orient staff in new implementation areas on PICSA
- iii. Integrate weather services in agricultural messages
- iv. Promote access to weather/climate information services
- v. Implementation of PICSA with communities
- vi. Review PICSA with staff and farmers

Activity 1.2.5: Gender and Social Inclusion (Gender Transformative Approaches)

Gender awareness is the knowledge and understanding of the different roles and relations between males and females in communities and in the workplace. Gender awareness campaigns will aim at sensitizing communities and workplace members about gender related social issues (social safeguards). Some of the areas to be sensitized include and not limited to; Gender, Sexual Harassment, Gender-based Violence and Exploitation, HIV and AIDS, child labour, child purported marriages, farm and household labour laws, occupational health and safety as well as working conditions and inclusion of different gender groups in leadership positions in the agriculture sector. The awareness campaigns will target district staff and implementing communities. The activity will involve all district and ADD staff, Ministry of Gender, Community Development and Social welfare and will be coordinated by Department of Agricultural Extension Services and Human Resources Department. Below are sub activities

Sub-Activity 1.2.5.1: Gender awareness at workplace

This will require 3 days' workshop involving about 150 district staff and 60 ADD staff. Thereafter, heads of departments will divide into teams and sensitize an average of 50 EPAs reaching 15 front line staff in each EPA for 3days. In total, 750 FLS will be sensitized on gender. Work place committees and work plans will be developed at district and EPA level.

Sub-Activity 1.2.5.2: Gender awareness at community level

A total of 250 communities will be sensitized on gender reaching 20,000 farmers. These communities will be sensitized one day for each community by the FLS while district and DD representatives will be backstopping.

Sub-Activity 1.2.5.3: Training of Gender Action Learning System (GALS)

The GALS is a structured community-led empowerment methodology aiming at economic, political and social transformation of farmers. GALS will target 250 extension workers as ToT for 5 days who will in turn train 500 local facilitators (60% women). These local facilitators will mentor 10,000 households across the communities from the 4 implementing districts including female, youth and Persons with Disability headed households. Implementation of GALS will be guided by Household Approach Manual developed by AGRESS in 2015 and the updated one 2019. The main trainers are community members based on self-interest and business cases. Effective implementation of GALS requires frequent monitoring of the implementing households hence, frontline staff need continued support. GALS will empower women economically through improved access to and control of household productive assets and benefits; strengthening women's decision-making roles in the households and community and achieving a reduced workload and an equitable workload balance among women, men, girls and boys as well as persons with disabilities. In addition, GALS will empower women as change agents through peer mentoring and learning. In total 300 champions will be identified and oriented and will be expected to reach 3000 farmers. GALS champions will be oriented on their roles and responsibilities for them to mentor others.. Through these orientation sessions, the change catalysts will come up with strategies on how they can achieve their targets. For these targets to be achieved, GALS will be implemented in two phases where first phase will reach 50% of the targeted farmers. Implementation of GALS will also be rolled out to FCF, CSA, Nutrition and FFS among other targeted project beneficiaries to improve gender and power relations while promoting technology adoption for them to achieve their visions. SAPP II will therefore implement GALS in 20 FFSs, 10 and Nutritional groups to ensure visibility of women and youths and meaningful representation in group leadership and decision making, women's and youth's access to and control over resources and benefits/expenditure, joint decision making of group and household resources and opportunities at all levels, of value chain- planning, production, harvesting, marketing and investment of profits, equitable workload distribution and prevention of gender-based violence and HIV and AIDS.

The Department of Agricultural Extension Services will lead in the tasks below during implementation of GALS:

- i. Training 250 Extension workers
- ii. Conduct community awareness meetings
- iii. Training 500 local facilitators
- iv. Mentoring 10,000 households
- v. Collection of baseline data
- vi. Vision setting
- vii. Gender analysis
- viii. Household Action planning
- ix. Monitoring and Evaluation

Additional tasks on GALS that will be implemented under SAPP II include:

- i. Mainstreaming gender in Decentralized Agricultural Extension Services System (DAESS) in the 4 implementing districts to ensure participation of women and youths and their inclusion in decision making positions for an inclusive system aiming at addressing the needs of men, women and the youths.
- ii. Organizing learning route/study tours to communities within or outside Malawi where implementation of GALS has produced positive results. This will be required at the onset of SAPP II to inform timely mainstreaming of gender. This will involve 20 technical staff and 6 farmer representatives.
- iii. Implement Theatre for Development and Gender Dialogue sessions to ensure that communities take action on deep rooted cultural norms and values that affect gender transformation at household and community levels.
- iv. Use of quotas in participation and selection into leadership positions. This will ensure that women, youths and PWD are considered in the implementation process.

II.1.3 Output 1.3: Sustainable management of productive resources (soil, land and water)

While SAPP focused on sustainable management of resources at farm level, community resilience relies on ecosystem services at watershed level. Hence, this new component aims at reversing the natural resources degradation process in the project area. The expected outcomes from this component include: (a) improved forest cover, (b) decreased soil erosion, (c) decreased silt load into water bodies, (d) improved biodiversity conservation and, as a result, improved agricultural resilience and productivity and nutrition. This component will focus on restoration and conservation activities that benefit the catchment area, beyond farm plot level.

Activities to be implemented under this output include:

Activity 1.3.2: Promote Soil Fertility Improvement (SFI) technologies

Different methods of making compost manure (Mbeya Fertilizers, Pit manure, Bokashi, windrow, frame) will be deployed such that a total of 10,125 households will be involved and a minimum of 5 heaps of manure per household will be made. Further agroforestry will be promoted with special focus on fertilizer, fuel, fodder and fruit trees. A special focus will be on dispersed systematic interplanting, intercropping and conducting agroforestry month campaigns. Communities will also be encouraged to manage farm natural and tree regenerations in marginal lands through coppicing and firebreak management.

Under soil improvement, DAHLD will facilitate establishment of pasture demonstration plots which will be used for seed multiplication where farmers will source and establish in their fields and marker ridges. Farmers shall also source fodder trees from the DLRC which will be planted in the community woodlots as well as individual fields

Activity 1.3.3: Promote Soil and water (SWC) Conservation technologies

Various soil and water conservation technologies that aim at reducing soil erosion and siltation of water bodies will be promoted such as: river bank protection, gully reclamation using check dams and gabions, establishment of vetiver nurseries i.e. minimum of five (5) vetiver nurseries per catchment will be established, conservation agriculture (CA) targeting all the 10,125 households.

Activity 1.3.4: promote rain water harvesting technologies

Easy to adopt in-situ rain water harvesting technologies like infiltration pits, box ridging, half-moons, negarims and swales will be promoted.

Access to climate information services is vital to achieve sustainable management of productive resources. Access to climate information services help in decision making for programme beneficiaries and it is expected that all the targeted 80,000 households will have access to climate information. The activity will be implemented by Department of Land Resources Conservation (DLRC) in conjunction with Department of Climate Change and Meteorological Services (DCCMS). Activities will include; Produce and disseminate scaled down climate information to support beneficiaries' decision making, Conduct working session to generate downscaled season forecast for project districts, Procure and install rain gauges and their accessories and Conduct district downscaled forest dissemination workshop through Participatory Scenario Planning (PSP) i.e. at DAECC, ASP and VSP.

Activity 1.3.5: Promote efficient fuel wood stoves in households

To reduce and balance workloads of women, SAPP II will support use of labor-saving initiatives. One of the initiatives is through use of efficient stoves in 10,000 households targeting FOs, Cooperatives and common interest groups. This will start with awareness of communities on the importance of these labor-saving stoves and construction modalities. In this regard, 3-5 lead farmers for each community will be trained as ToTs on construction of the stoves for individual household usage. These stoves will help to provide sustainable use of vegetation and will be implemented in collaboration with DLRC and Environmental Officers at district council, coordinated by DAES. Successful construction of labor-saving stoves will require procurement of 500 brick molds, 2 for each community, for molding the stoves. Construction of stoves uses unburnt bricks to avoid deforestation. In addition to these cooking stoves, efficient charcoal making kilns for green charcoal production will be introduced and supported on a pilot basis. About 35 charcoal kilns will be installed as demos (one at each village) and 100 ToTs trained in sustainable charcoal production benefiting 20,000 households.

Farmers' organizations will also be linked to financing institutions and other service providers such as AGCOM to acquire machinery to reduce drudgery in crop production and processing of different value chains such as ox-ploughs, ridgers, planters, weeders, fruit and oil presses, harvesters, threshers etc. The machinery will also improve commercialization of the crop value chains for increased income.

Table 1: Timelines for Activities under Outcome 1

Activity/task	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Output 1.1 Inclusive value chain and market analysis conducted						
Conducting value chain analysis						
Conducting market analysis						
Implement recommendations from value chain analysis and market analysis						
Output 1.2: Enhanced capacity for climate-smart, nutrition-sensitive production systems and gender transformative approaches						
Adaptive Research						
Scaling-up and Building Capacity for GAPS						
Nutrition education						
Extension Services Enhancement						

Activity/task	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Gender and Social Inclusion (Gender Transformative Approaches)						
Output 1.3: Sustainable management of productive resources (soil, land and water)						
Activity 1.3.1. Promote Integrated catchment management						
Mapping of environmental degraded hotspots and catchments delineation						
Developing village level actions plans						
Conducting Catchment Conservation and Management campaign launches						
Procure and distribute inputs for catchment management and conservation						
Procure geo-processing equipment and accessories						
Conduct supervisory visits						
Activity 1.3.2 Promote Soil Fertility improvement (SFI)technologies						
Support compost manure making and utilization (Mbeya Fertilizers, Pit manure, Bokashi, windrow, frame)						
Promote Agroforestry (Fodder, Fuel, Fertilizer and Fruit Trees)						
Dispersed Systematic inter-planting						
Homestead planting						
Improved fallowing						
Alley Cropping						
Intercropping						
Orchards						
woodlots						
Conduct Agroforestry month campaign launches						
Farm managed and marginal land natural (tree) regeneration						
Procure soil testing kits						
Conduct trainings in SFI						
Conduct SFI demonstrations						
Construct terraces						
Activity 1.3.3 Promote Soil and Water Conservation (SWC) technologies						
Conduct soil and water conservation campaigns						
Conduct gully reclamation- check dams, gabions,						
Conduct riverbank protection						
Constructing marker ridges and box ridges						

Activity/task	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Establish vetiver nurseries and hedge rows						
Promote ridge realignment						
Conduct review meetings						
Promote Conservation Agriculture						
Conduct trainings in SWC						
Activity 1.3.4. Promote Rainwater Harvesting (RWH)Technologies						
Promote <i>insitu</i> rainwater harvesting technologies (infiltration pits, negarims, pit planting)						
Construction of swales						
Construction of small dams						
Training in RWH						
Conduct periodic monitoring visits						
Conduct review meetings						
1.3.5 Promote efficient fuel wood stoves in households						
Conduct awareness meetings on efficient fuel stoves						
Conduct training of artisans especially youth among the groups to make the stoves and to efficiently use the stoves						
Procure and distribute start up materials for production of efficient fuels stoves						
Conduct demonstrations on charcoal kilns						
Conduct ToT on sustainable charcoal production						
1.3.6 Enhance access to climate Information Services Inputs and Access						
Produce and disseminate scaled down climate information to support beneficiaries' decision making						
Conduct climate data rescue and digitization working session						
Conduct working session to generate downscaled seasonal forecast for project districts						
Package and print the downscaled seasonal forecasts						
Conduct district downscaled forecast dissemination workshop through Participatory Scenario Planning (PSP) i.e. at DAECC, ASP and VSP						
Conduct rainfall Season forecast review meeting						
Procure and install rain gauges and their accessories						
Training in rain gauge usage and management						

II.2 Outcome 2: Commercialization of smallholder farming systems promoted

II.2.1 Output 2.1: Strengthened farmer organizations

Farmer groups will be used as a vehicle to organise increased productivity and market linkage activities. The entry point will be to identify, assess and profile new and existing farmer organisations (FOs) operating in the target villages. The identified FOs will be classified according to their level of organisation and development. Following this, training and counselling will be provided as necessary for improved democratic and market-oriented functioning. FOs will serve as platforms for organising collective access to inputs (crops and livestock), organisation of production to align with the needs of buyers, aggregation of commodities, and organisation of any preselling processing activities. Groups are expected to organise themselves with committees that would receive capacity building to coordinate production and marketing activities.

The Department of Crop Development and the Department of Animal Health and Livestock Development will provide trainings on Good Agricultural Practices including modern storage technologies for all identified value chains by the farmer organisation; this will be done mainly to comply with the needs of the specific off-takers/buyers. Inputs and other materials will be procured for demonstrations to showcase all improved technologies in production and storage of specific identified value chains (i.e. groundnuts, sunflower, soybeans, goats and chickens etc.). The departments will also facilitate procurement of some small scale/mini machinery for demonstration on processing of some identified value chains by Farmer Organisations i.e. sunflower processing machines.

Activity 2.1.1: Identification, assessing and profiling of farmer organization

The Department of Agricultural Extension Services will lead in this activity and it will involve identifying farmer groups (both livestock and crop based) to be supported under SAPP II. The FOs will be assessed to identify their capacity gaps and training needs. The FOs will then be classified according to their level of organisation and development as determined during the assessment level. A database of the identified organizations will then be developed.

Activity 2.1.2: Training of farmer organizations

The training of farmer organizations will be led by the Department of Agricultural Extension Services, and the specific tasks to be performed under this activity will include:

- i. Build capacity of FOs in identified Training Needs or Capacity gaps. This will involve provision of tailor made trainings to the FOs
- ii. Facilitate reorganization of farmers into formal Farmer Organizations. This will involve supporting farmers to regroup and be registered as Cooperative Societies Limited. Special focus will be given to Livestock Farmer Groups which were reorganized as Associations.
- iii. Training FOs leadership in Organizational Management. This will involve training and counselling of FOs leaders on good governance to ensure improved democratic governance
- iv. Train FOs on market oriented production. This will involve training relevant members of FOs in collective access to inputs, aggregation of commodities and bargaining
- v. Training of farmer organisations in the concept of farming as a business. This will involve trainings in records keeping, financial literacy, and product costing amongst other key business skills.

- vi. Train FOs sub committees to coordinate marketing activities. This will involve training of production and marketing sub committees on technical aspects of production including GAPs and market surveys.
- vii. Conducting trainings in GAP for farmers in an FO identified for a specific value chain (i.e. groundnut/sunflower/soya beans/goats) in line with MBS quality standards using FFS approach
- viii. Procuring inputs for conducting demonstrations for the technologies in the identified value chain for a specific FO
- ix. Procurement of small-scale processing machines for processing some value chains e.g. sunflower, soybean etc.
- x. Demonstrate on modern and recommended crop grain storage technologies
- xi. Facilitating FO capacity building for MBS quality standards in line with regional and international standards for facilitated penetration of export markets.
- xii. Procurement of inputs for conducting demonstrations on improved technologies for an identified value chain

Activity 2.1.3: Targeted women and youth eeempowerment interventions

These targeted interventions will ensure additional support for women and youth to complement the component activitie. This will ensure adequate reach to these target groups. As such SAPP II will develop a Gender, Youth and Social Inclusion strategy and action plan at start up phase. Women Economic Empowerment will include providing additional support to women only groups with market education, trainings and skills that support them to fully access from the project benefits. Under this activity SAPP II will facilitate training of 60 extension staff that will later facilitate identification of 60 women and 60 youth producer groups from the 4 implementing districts to be engaged in promotion of the different value chains for income generation organized as farmer clubs, cooperatives or associations. These can be pure women groups or males mixed with females as far as participation of women are not lower than 50%. Women and Youth Empowerment activities will be facilitated by Department of Animal Health and Livestock Development, Department of Crop Development (DCD), Department of Land Resources Conservation (DLRC). These departments will be coordinated by Department of Agricultural Extension Services (DAES). Below are some of the tasks to ensure women and youth empowerment:

- i. Training of 60 Extension Workers (AEDOs and AECDs) for 4 days on IGP organization and management and GAPs. Each AEDO is expected to identify and manage at least two groups (one for women and another for youth). ABOs and EPA Extension Officers will continuously support the groups on identification and capacity building on training needs.
- ii. Training 60 women producer groups in IGP organization and management and GAPs depending on the requirements of the value chain for improved productivity.
- iii. Training 20 youth producer groups in IGP organization and management and GAPs depending on the requirements of the value chain for improved productivity.

II.2.2 Output 2.2: Market linkages promoted based on opportunities to unlock value

Larger farmer groups in value chains such as groundnuts, sunflower and soybeans may also enter into processing, acquiring produce from members and adding value, thus providing a market to farmers within their geographical areas. These will receive support in business plan development to access funding from relevant sources, including FCF. The Malawi Bureau of Standards (MBS) will also be engaged to ensure quality control and food safety. Women farmer groups will receive tailor-made trainings that may include

basic numeracy and financial literacy to equip them with requisite business skills. Examples of nutrition sensitive processing and value addition that could be supported include processing of cooking oil, peanut butter, corn-soy blend, food safety concerns such management of aflatoxin and other mycotoxins, food handling, packaging and labelling. Tailored training sessions will be provided based on enterprise.

The district agribusiness officers (ABOs) and the extension officers (EOs) at the level of Extension Planning Areas, jointly with private sector service providers will provide Business Development Services (BDS) to support development of the Farmer Groups' business plans and proposals to access to the FCF Matching Grants. These officers will include women and youth trainers.

To ensure the quality of the BDS, capacity gaps of the district ABOs and the EPA's EOs will be assessed and, where gaps are identified, they will be supported by a Training of Trainers (ToT) by a non-governmental/private sector technical service provider. The ToT will include initial capacity building and a coaching period of minimum 6 months during which the ToT trainers and the extension officers will jointly provide the BDS to the groups. Targeted support will be provided to women and youth groups to achieve equitable outcomes. SAPP II will support mentorship of youth groups to reach their full potential. This will include support to Youth TEVET accredited centres and to support the strengthening or creation of youth hubs in all the four districts. Already existing youth hubs will be leveraged to reach approximately 1,000 youth through trainings and placements in agribusiness.

The market linkage assessment conducted as part of the value chain studies (1.1) will have identified key market linkage constraints between farmers and market intermediaries in the target value chains including those specific to women and young people. This intervention will seek to address such constraints and activities will include development and operationalizing production planning and aggregation strategies, quality management, market information support, creation of value chain -specific business relationships, value addition and post-harvest loss control to enhance produce quality. This requires the engagement of competent business development service providers that will work in partnership with local extension agents (who will receive training as necessary) to support farmer groups. SAPP II will consider SPs with experience working with women and youth. Their role will be to support FOs to enter win-win business relationships with market intermediaries.

Activities will include undertaking pre-season market assessments to identify potential buyers, their needs and areas of geographical interest. This information will be used to work with farmers and farmer groups to organise production planning and aggregation of commodities. Where feasible, formal contracts will be signed with marketing intermediaries. Farmer groups may seek financing, either as advances from marketing agents or other sources (including the FCF) to purchase produce from members and non-members as a strategy for aggregation. Considerations will be made to meet women and youth quotas.

Training and counselling will be provided to farmer leaders including women and youth responsible for managing this activity to gain negotiation skills, understand contracts and contract negotiations and generally to be informed about the dynamics of the value chain. Training will also be provided in post-harvest handling, appropriate storage techniques and food safety to reduce post-harvest losses. Appropriate marketing information systems including packaging and labelling will be supported as necessary.

As part of the market linkage activity, farmer groups will also receive market led production support. Production support will be focused at supporting farmers and farmer groups to improve production and productivity of those commodities with market opportunities. Specifically, the assessments at the level of

market intermediaries will clarify expectations in terms of product type and quality which may require specific interventions in terms of variety/breed type, level and type of inputs to be used, timing and organisation of planting. It is envisaged that the FCF will be used to support organised farmers to take up production technologies that would improve their capacity to produce for identified markets while reducing workloads for women.

Specific activities will include:

- i. Conduct training for FOs on Business Plan and Proposal Writing. Through service providers, FOs will be supported in business plan development and implementation. This will enable the FOs to access funding from relevant sources, including FCF
- ii. Facilitate FOs product certification by Malawi Bureau of Standards. This will involve supporting FOs to ensure that their products comply with recommended Malawi Standards (MS) so that they are certified by MBS including food handling, packaging and labelling.
- iii. Assess capacity of district ABOs and EPA's extension officers on provision of Business Development Services (BDS). This will involve identifying capacity gaps of BDS providers
- iv. Conduct ToT Training on BDS. This will involve conducting a Training of Trainers (ToT) by a non-governmental/private sector technical service provider institution.
- v. Facilitate provision of Business Development Services (BDS). This will involve supporting and hand holding FOs in implementation of their successful Business Plan under FCF Matching Grants. Undertaking a coaching for period of minimum 6 months by the ToT trainers and the extension officers by providing the BDS services to the groups. Targeted support will be provided to women and youth groups to achieve equitable outcomes and reach their full potential.
- vi. Using Smallholder Empowerment Approach (SHEP), link FOs to produce market and financial institutions. This will involve linking producer organizations to off-takers of their produce. Producer Organizations will also be linked to institutions that provide financial products that can support producers to engage in agriculture activities.
- vii. Strengthen existing or establish new youth hubs. Already existing youth hubs will be leveraged to reach approximately 1,000 youths through trainings and placements in agribusiness.

II.2.3 Output 2.3: Farmer Challenge Fund (FCF) operationalized

Following the technical support provided by SAPP II under the above described programme Outputs 1.2, 2.1 and 2.2, the Farmer Challenge Fund (FCF) will provide financial resources to implement upgraded agricultural production systems by local farmer groups by women, men and youth. Performance of the supported enterprises will be an integral part of the management of the FCF, with key and standardised indicators for business performance developed.

The purpose of the FCF shall be to act as a rural financing instrument that catalyzes the Commercialization Agenda of SAPP II with the immediate objective of providing sustainable financing to producer groups and SMEs to address constraints that hinder competitiveness of targeted value chains under SAPP II.

II.2.3.1 SAPP II FCF Windows

Production Window: To prioritize financing to producer groups/SMEs that are facing constraints related to improving production and productivity, with foreseen financing needs in accessing improved seed varieties, animal genetics and breeds as well as equipment and assets for land preparation (mechanization) and post-harvest handling. A total of US\$ 4 million will be allocated under this Window.

Priority will be given to groups applying for improved seeds and animal breeds/genetics that are scientifically proven to enhance productivity, have market potential and/or can help achieve nutrition objectives.

Priority will also be given to groups applying for customized and smallholder suited implements and equipment that will enhance community wide efficient smallholder production systems.

Groups whose members already benefited from the Government AIP will not qualify for financing under this window.

Agro-processing and Value Addition Window: Will prioritize financing towards purchase of assets and equipment for agro-processing in the target value chains, as well as improve quality standards as part of market integration. A total of US\$ 6 million will be allocated under this Window.

Priority will be given to group enterprises that have potential to generate local employment and community wide benefits-through provision of services.

Matching Grant Contributions: Matching grant contributions for producers and groups under the Production Window will be lower than those for Agro-processing and Value Addition window, 10% and 20% respectively, which can be paid in cash or in kind. It is anticipated that those groups applying under the Production Window will still be in a position where they need a lot of hand-holding to ensure they are market ready. This is in contrast to those groups applying for Agro-processing and Value addition financing, as these are already aligned with markets and need support to consolidate their position in the market space. The foreseen number of members per group is a minimum 10 and maximum 25 individuals from different households.

II.2.3.2 Farmer Challenge Fund Management

The FCF will be managed by a competent Fund Manager, with direct oversight on review of business plans submitted by groups, provision of technical assistance to the groups to ensure the business plans are bankable and implementable, performance monitoring of the group enterprises, promotion of best practices and knowledge management. The full ToRs for the Fund Management will be developed jointly by IFAD and the GoM teams as part of the recruitment process. The Fund Manager will be drawn from the financial services sector where the FCF funding will be expected to leverage additional funding towards the SAPP II beneficiaries.

The total budget for the FCF is US\$ 10 million plus the beneficiary contributions. Under the framework presented in the SAPP II PIM and a detailed guideline prepared at project start up, the FCF resources are managed by the Fund Manager with support from the district level partners. The MGs are competitively distributed to Farmer Groups based on business plan proposal, against agreed criteria with quotas for women and youth. A dedicated committee with a representative from district level public sector, private sector and finance sector is established for the reviews and selection of MG recipients.

Table 2: Farmer Challenge Fund Overview

	Window 1: Small FG Investment	Window 2: Medium FG Investments
SAPP II Budget	US\$ 4 million	US\$ 6 million

	Window 1: Small FG Investment	Window 2: Medium FG Investments
Target group	Formal and informal Farmer Groups with limitations in agriculture production capacity and access to markets	Registered Farmer Groups with potential for value adding commercialization
Objective	Smallholder CC resilience and market-oriented production. Achieved through improved productivity and product quality, nutrition, food security and marketing capacities.	Smallholder CC resilience and commercialization. Achieved through improved productivity and product quality, pre-processing and marketing capacities and reduced food loss and waste.
US\$ thresholds	Maximum US\$ 10,000 to Farmer Groups with 10-25 members from different households and families For groups with less than 25 members from different households and families, max grant amount equals US\$400 x number of members	Maximum US\$ 20,000 per Farmer Group with 10-25 members from different households and families For groups with less than 25 members from different households and families, max grant amount equals US\$800 x number of members
Counterpart contribution	Total 30% (US\$ 1.7 million) that consists of farmer contributions: Minimum 10 % in cash Minimum 20 % in kind (materials)	Total 30% (US\$ 2.6 million) that consists of farmer contributions: Minimum 20 % in cash Minimum 10 % in-kind (materials)
Total FCF Investment	US\$ 5.7 million	US\$ 8.6 million
Outreach	Average 25 members per group Average 25 non-member beneficiaries per group	Average 25 members per group Average 50 non-member beneficiaries per group
Targeted overall number of beneficiaries	400 Farmer Groups 10,000 group member HHs 10,000 non-group member HHs	300 Farmer Groups 7,500 group member HHs 15,000 non-group member HHs
Women inclusion	Minimum 40% women total outreach For groups with more than 75% women, the cash contribution is lowered to 5% and in kind increased to 25% In kind may include also labour	Minimum 40% women total outreach For groups with more than 75% women, cash contribution is lowered to 10% and in kind increased to 20% In kind may include labour

	Window 1: Small FG Investment	Window 2: Medium FG Investments
Youth inclusion (18-35 yrs.) (PWD)	Minimum 30% youth total outreach For groups with more than 75% youth, cash contribution is lowered to 5% and in kind increased to 25% In kind may include labour also	Minimum 30% youth total outreach For groups with more than 75% youth, cash contribution is lowered to 10% and in kind increased to 20% In kind may include labour also
Application requirements	Group organization and members Simplified business plan Breakdown of costs Proof of bank account Proof of counterpart contribution Identified market Benefits to non-group members	Group by-laws and members Detailed business plan Costs and benefits Proof of bank account Proof of counterpart contribution Identified market Job creation Benefits to non-group members
CSA	All investments demonstrate what climate smart technology or approaches will be used	All investments demonstrate what climate smart technology or approaches will be used
Nutrition and food security	Commodities with proven positive food security and nutritional impact for the target beneficiaries are preferred	Commodities with proven positive food security and nutritional impact for the target beneficiaries are preferred
Community resource management	Groups that satisfactorily lead the Village Catchment Management Action Plan implementation (as confirmed by the Village Natural Resources Committees), cash contribution lowered to 5% and in kind to cover 25%.	Groups that satisfactorily lead the Village Catchment Management Action Plan implementation (as confirmed by the Village Natural Resources Committees), cash contribution lowered to 10% and in kind to cover 20%.

To ensure transparent management of the FCF, (i) budget for the Matching Grants will be managed and disbursed by the Farmer Manager, with the PIU providing oversight? (ii) beneficiary groups are required to establish a formal bank account in their name at the FCF Partner Financial Institution located within the district, (iii) the funds will be transferred directly to the group's bank account once the application is approved, in two or three phases, based on satisfactory implementation progress against the business plans, with an initial amount disbursed to start the project, (iv) the population at district and extension planning area levels are widely informed of the approved FCF Matching Grant groups, amounts and the winning Business Plans, and (vi) the project audits will include audit on the use of the FCF funds to ensure they are used as per the proposals and the grant agreement.

Specific tasks will include:

- i. Developing a Handbook or Manual on Farmer Challenge Fund. This will involve developing Guidelines that will facilitate smooth implementation of FCF.
- ii. Developing full ToRs for the Fund Management. This will involve developing of ToRs to facilitate recruitment of the Manager of the FCF and will be developed jointly by IFAD and the GoM teams as part of the recruitment process.
- iii. Recruiting the FCF Manager. This will involve the actual recruitment of the FCF Manager
- iv. Implementing the FCF. This will involve awareness creation of the FCF; supporting the FOs or SMEs to participate in the FCF; evaluation and disbursement of FCF Matching Grants. The Matching Grants will support FOs to construct or rehabilitate processing or storage facilities
- v. Train FOs on financial literacy or use of financial products and services. This will involve building capacity of FOs on Book Keeping, Accounting and Procurement procedures.
- vi. Review implementation of FCF. This will include conducting on site reviews of FOs or SMEs utilization of matching grants sub projects by BDS providers.

Table 3: Times for activities under Outcome 2

Activity/task	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Output 2.1: Strengthened farmer organizations						
Identification, assessing and profiling of farmer organization						
Training of farmer organizations						
Women and Youth Economic Empowerment						
Output 2.2: Market linkages promoted based on opportunities to unlock value						
Conduct training for FOs on Business Plan and Proposal Writing						
Facilitate FOs product certification by Malawi Bureau of Standards						
Assess capacity of district ABOs and EPA's extension officers on provision of Business Development Services (BDS)						
Conduct ToT Training on BDS						
Facilitate provision of Business Development Services (BDS)						
Link FOs to produce market and financial institutions						
Strengthen existing or establish new youth hubs						
Output 2.3: Farmer Challenge Fund (FCF) operationalized						
Developing a Handbook or Manual on Farmer Challenge Fund						
Developing full ToRs for the Fund Management						
Recruiting the FCF Manager						

Activity/task	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Implementing the FCF						
Train FOs on financial literacy or use of financial products and services						
Review implementation of FCF						

II.3 Outcome 3: Strengthened institutional capacity and knowledge management systems

SAPP II will support capacity building activities to facilitate effective implementation and contribute towards reaching out to targeted project beneficiaries. The capacity building activities will entail complimenting the PMU with additional staff where needed, including Assistant M&E Officer, Assistant Procurement Officer, Agribusiness Officer, Grants Management Officer, Environment and Climate Officer and, Gender, Nutrition and Social Inclusion Officer and, providing relevant project specific training. The programme will conduct needs assessment to staff involved in implementation of SAPP II activities in order to establish skills gap. To ensure that capacity of staff, partners and institutions has been improved, the following outputs and activities will be undertaken:

II.3.1 Output 3.1 Capacity of staff and partner institutions strengthened for SAPP II coordination, communication, Knowledge Management and M&E

Activity 3.1.1: Training Subject matter (SMS) specialist and up-grading of skills for frontline extension staff.

Subject Matter Specialists play a vital role in ensuring that all necessary guidance is provided to stakeholders when pursuing a particular matter. In order to make sure that SMSs are properly equipped with necessary skills, the programme will be providing capacity building to all SMSs in different fields including Crops and Livestock. The trainings will be in form of workshops, exchange visits and field practice. Once the SMSs are trained, they will train frontline staff (AEDOs, AVOs) so that they provide right knowledge to the farmers through the FFS. During the first year of implementation, the district and department staff will conduct needs assessment in order to establish skills gap and provide trainings to upgrade their skills.

The programme will also train agro-dealers, through training workshops, especially on proper packaging and management of agro-inputs.

Activity 3.1.2: Support with field mobility

The programme will support the mobility of staff and lead farmers at all levels. Mobility in programme implementation is very crucial as it is a catalyst for successful implementation of the programme activities. As SAPP II is building on SAPP, the programme will undertake an assessment of conditions of vehicles which were bought under SAPP in 2015. These vehicles were distributed to all Departments, ADDs and Districts involved in implementation of SAPP activities. The programme will consider outright procurement of vehicles for districts and ADDs which were not part of first phase SAPP.

The extension worker to farmer ratio is high, as such there is need to provide motorbikes to the frontline staff so that they are able to reach more farmers. It is well known that the Ministry is also providing

mobility to frontline staff through other projects and programmes. SAPP II will focus on those staff without means of mobility in the implanting EPAs. The motorbikes will be bought in phases especially in the first two years of implementation. The lead farmers who support extension workers will also be supported with push bikes. The push bike support will focus on lead farmers in the areas not covered by first phase SAPP.

Activity 3.1.3: Review and update Knowledge management strategy and documentation and dissemination of success stories, best practices and lessons learnt

For the specifics of activities to be implemented on knowledge management under SAPP II refer to section III.3.2 of the PIM.

Activity 3.1.4: Data collection, monitoring of activities and evaluation system

The major challenge on implementing M&E activities is the limited skills and capacity of staff. SAPP II will provide capacity building to M&E officer at PMU, Departments, ADDs and District level. The purpose of the training will be to provide skills in planning, monitoring of activities, data collection and analysis, data verification, gender and youth in M&E and IFAD Core Indicators. Trainings will be provided on the specific technical skills required to use the M&E tools to support the implementation of the Programme's M&E activities. The programme will also provide training on general M&E principles to ensure a common understanding of M&E as a management tool at all level.

Monitoring and evaluation. The M&E system will be built to allow monitoring of the key indicators of the log frame and other indicators in the project results framework. A baseline survey will be conducted at the beginning of the project. Thematic studies will be planned according to the needs and areas that need further analysis. A mid-term review will be conducted to assess the achievements of the project to allow re-adjustment. Annual outcome review will be conducted after mid-term to monitor more closely the key indicators of the project. At the end of the project, an end-line survey will be conducted and will feed into the project completion report (M&E is described in Part 3).

The programme will develop various reporting tools which will facilitate collection of the required data. Monitoring of activities will be done at various levels (community, district, ADD and national). Routine supervision visits and technical backstopping. The Department of Agriculture Planning Services (DAPS) will be providing guidance of all issues relating to Monitoring and Evaluation.

The programme envisages using NAMIS as a first point of data entry before it is transferred to SAPP II MIS. The NAMIS allows frontline officers make data entry direct into the system using configured phones or tablets. For this, the programme will procure tablets for data entry by the frontline officers. The use of tablets will help the programme have real-time data for prompt decision making.

II.3.2 Output 3.2 Institutional capacity building and policy engagement for resilient and market-oriented food systems

Activity 3.2.1: Development of capacity and structures in the Ministry of Agriculture for Disaster preparedness

The programme will build capacity for early warning system response and disaster risk management through improved coordination between DAECC members and Village Civil Protection Committees (VCPC). The assessments and mapping exercises will be conducted in order to support the Ministry in providing recommendations that safeguard agricultural production in the development of VCPC's plans and the update of key policy document and plans for disaster risk management at national level.

Frontline staff will be trained on Early Warning System. The trainings will include on how to support farmers' response to best, medium and worst-case scenarios, hazards' hotspots in their areas; how early-warnings are communicated, etc. Frontline staff will then train farmers, and collect their feedback and inputs to the village VCPC's action plan.

The programme will support meetings between DAECC and District Civil Protection Committees (DCPC). The main objective of the meeting will be to share evidence and feedback from farmer groups which in turn is expected to inform the update of policies and plans for disaster risk management at district and national level.

In recent times, Malawian rural farmers have been affected by climate change. For instance, in March, 2023, farmers mostly in the Southern heavily affected by the Cyclone Freddy. The livelihoods achieved through SAPP and other development programmes was lost within the shortest period. To ensure that farmers are protected from weather variations, the programme will pilot a climatic micro-insurance model, bundled with agriculture input materials provided through local agro dealers in the target areas. FARMSE will provide financial support for piloting of micro-insurance in SAPP II targeted areas. The SAPP II resources will be used for awareness related activities.

Activity 3.2.2: Support government to develop relevant strategies and policies

The implementation of various programme activities is expected to be in line with government policies. Once clear policy direction is lacking, it becomes very challenging to achieve the intended objective of a particular intervention. To ensure that the intended objective is met, the programme will support the formulation, review and updating of national policies, strategies and regulations that support smallholder farmers and the commercialization of agricultural production.

SAPP II will provide both local and international expertise when needed to facilitate stakeholder consultations on identified policy space. Main areas of support will include Contract Farming Policy, Horticultural Policy, Code of Conduct for Agro-Dealers, and ancillary regulations highlighting gender dimensions in these policies. In the course of implementation, SAPP II will also identify other policies, strategies and regulations for support in pursuit of commercialization of agricultural production by small/medium scale farmers.

Table 4: Timelines for implementation of activities under Outcome 3

Activity/task	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Output 3.1 Capacity of staff and partner institutions strengthened for SAPP II coordination, communication, Knowledge Management and M&E						
Training Subject matter (SMS) specialist and upgrading of skills for frontline extension staff.						

Activity/task	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Support with field mobility						
Review and update Knowledge management strategy and documentation and dissemination of success stories, best practices and lessons learnt						
Data collection, monitoring of activities and evaluation system						
Output 3.2 Institutional capacity building and policy engagement for resilient and market-oriented food systems						
Development of capacity and structures in the Ministry of Agriculture for Disaster preparedness						
Support government to develop relevant strategies and policies						

PART III: PROJECT FINANCIAL AND ADMINISTRATION PROCEDURES

III.1 Financial Management and Accounting

III.1.1 General Institutional Set-Up and Governing Regulations

SAPP II funds retain project mode of funding much as the Programme will be implemented under the NAIP umbrella. The project is technically aligned to NAIP activities but NOT as regards fiduciary aspects. This means that SAPP II funds will not be pooled into other NAIP funds and will have: (i) SAPP II specific Designated and operational Bank accounts, (ii) SAPP II specific AWPB, (iii) SAPP II specific financial reports, (iv) SAPP II specific audit reports, (v) SAPP II specific withdrawal applications and IFR, (vi) SAPP II Specific Procurement Plans, (vii) SAPP II specific tenders and IFAD's "*No Objections*" etc. SAPP II funds cannot be comingled with other funds; although technical implementation has been aligned under the NAIP framework.

As SAPP II will be coordinated and implemented at both national and local levels through MoA structures, MoA through SAPP II Secretariat (SAPP IIS) will be responsible and accountable for national-level project coordination as well as control, accounting, monitoring the utilization of project funds by the implementing agencies, financial reporting and arranging for audits. Thus, the Accounting Department in SAPP IIS which is headed by the SAPP II Accountant will have financial management responsibilities for the SAPP II with the office of the Director of Finance (DoF) in MoA providing overall supervision and support to the programme accountant. This department will handle the SAPP II transactions using the existing country Public Financial Management Systems (PFM) which are already familiar and institutionalized. However, off-the-shelf accounting software, TOMPRO, will be the main accounting system used to produce SAPP II specific financial statements, statement of expenditure reports, withdrawal applications etc. The existing IFMIS chart of accounts will be the basis for in-country financial reporting, however, it is expected that the aggregate data posted in the IFMIS will have to be first posted

in the SAPP II Tompro accounting package to be able to comply with project financial reporting requirements.

At the local level, the District Councils (DCs) will be involved with implementing SAPP II activities and financial resources have to flow to the DCs. All financial management capacity assessments of DCs have concluded that their financial management systems are adequate. Funds will flow to DCs once every quarter on the basis of their work plans but will report on a monthly basis to SAPP IIS to facilitate timely updating of financial data. With this approach, up until the TOMPRO accounting software is rolled out to all cost centres, meanwhile the DCs will maintain excel based financial reports for reporting and for their own follow-up of SAPP II AWPB execution; their monthly reports will be submitted to secretariat within 10 days after the end of the month.

III.1.2 Governing Regulations

Financial Management in Malawi is governed by the Public Finance Management Act (2022). The overall direction for the GoM budget process is stipulated in the Public Finance Management Act and is operationalized by Treasury Circulars and Instructions. The Acts and the Treasury Instructions and Circulars stipulate the accounting specifications for the GoM in general and the GoM-managed projects. The project will be implemented in accordance with the provisions of the Public Financial Management Act in terms of management and reporting of its financial affairs. Some additions will be necessary to comply with the Financing agreement signed with IFAD, Letter to the Borrower/recipient, Audit requirements etc. For example, SAPP II Secretariat will have to submit quarterly progress financial reports to IFAD, IFR and withdrawal applications.

The budgeting of the project will endeavour planning, control and utilisation of the resources for the attainment of the desired objectives in a given time frame. Specifically in SAPP II, budgeting will aim at: (i) providing a basis for better planning; (ii) evaluating the performance of the project; (iii) enabling the project to tackle corrective actions on overruns and any budget disparities; (iv) provide a basis for comparison of funds flow with estimates; and, (v) provide a basis for utilisation of scarce resources. In terms of budgeting, the project will use the Government of Malawi budgeting system which is IFMIS based; with off the system modification for the AWPB to align with SAPP II outcomes, expenditure categories and activities including an initial 18 months' procurement planning and subsequent yearly procurement plans.

III.1.3 SAPP II Management Unit

SAPP II PMU will be based on appointment from the current SAPP team on the basis of two successful performance evaluation and job suitability assessments. The finance team will perform among others the following key duties and responsibilities: (i) Annual Work plan and Budget (AWPB); (ii) fund flow based on the Interim Financial Report (IFR) based disbursement; (iii) play active part in internal control; (iv) financial transactions recording and reporting; (v) preparation of accurate quarterly IFR and timely submission of Advance request and expenses justifications; (vi) coordination of internal and external audit and (vi) compliance with IFAD clauses of agreement and IFAD's processes and procedures.

SAPP II Finance Team will comprise of Programme Accountant, Assistant Programme Accountant and three accounts assistants positions. SAPP II will also recruit 4 Justification Assistants (1 per implementing district) to ensure efficient effective financial management at District level. For efficiency purposes, the engagement of SAPP II Finance team will be informed by satisfactory performance evaluation for 2 years

based on independent suitability assessment. The report of this assessment will be considered as part of the recruitment process.

III.1.4 Accounting and Reporting

SAPP II will increase and strengthen the accounting system to ensure detailed and accurate expenses recording and system generating report preparation and generation. IFR will be automated with the assistance from IFAD. The project will may migrate to TOMPRO web which will be configured with all key financial statements: balance sheet, income statement and cash flow statement and in addition with IFR template and designated account activity statement, forms 102 and 106 clearly installed. The accounting and reporting process from districts to the PMU for consolidation will continue and should be improved in the basis of efficiency and timeliness. Furthermore SAPP II will use International Public Sector Accounting Standards (IPSAS) cash accounting as a basis of preparing monthly, quarterly and annual financial statements with an off the shelf accounting package to compliment IFMIS on aspects specific to project financial reporting. The Programme Accountant supported by the Director of Finance in MoA will be designated to assume total responsibility of overseeing the financial management aspects of SAPP II. An appropriate chart of accounts produced for the project which will allow for all project activity expenditures to be captured and produce useful information necessary for monitoring purposes.

At the SAPP IIS, an off-the shelf accounting package (TOMPRO) possibly in web based will be used to facilitate SAPP II specific financial reporting, in accordance with a SAPP II specific chart of accounts that will be installed. The accounting system will be set-up to be able to generate financial information in the following dimensions in accordance with International Public Sector Accounting Standards (IPSAS Cash Basis):

- Expenditure analysis by components.
- Expenditure analysis by categories.
- Expenditure analysis by Financiers IFAD, and GoM Contributions.
- Sources and uses of Funds analysed by outcome, category with a budget comparisons.
- Statement of financial position.
- Income statement showing fund received and expenses with surplus or deficit.
- Quarterly IFR.
- Commitments.
- Budgetary control information to ensure expenditures do not exceed set limits.
- Cumulative expenditure trends in the above dimension over project years.

Up-to-date financial information should be included as part of progress reports. Sufficient information must be made available about what money is spent on, how much is spent on what and what the results are.

- **District financial reporting should follow:**
- Quarterly SAPP II interim financial reports are to be submitted to IFAD within 45 days after the end of the quarter reporting period directly into Financial Execution Module;
- SAPP II should share audit TOR three months before the end of financial year;
- Annual audit entry and exit meetings are necessarily and the FO should take part either physically if during a mission or remotely.
- In addition, SAPP II specific unaudited financial statements are to be submitted to IFAD within four (4) months after the end of the financial year, to enable IFAD comments to be taken on board in the final audit report.
- SAPP II specific Audited Financial Statements are to be submitted to IFAD within six months after the end of the financial year.

- In each quarter withdrawal applications containing quarterly Interim Financial Report IFR arising from transactions incurred and eligible for SAPP II financing are to be submitted to IFAD via FE module and ICP. These withdrawal applications W/As will be composed of quarter actual expenses for justification and advance of fund based on two quarter cash flow forecast net off the cash balance in the Designed Account and other operation accounts. This is to enable the replenishment of the designated bank account and continually justifying advances received. .
- Each withdrawal application will always include IFR, various bank statements, and directly filling of W/As justification and advance request in ICP. These templates constitute IFR: Cash Forecast, Sources and Utilisation of Fund, Designated Account Activity, Variance Analysis for quarter, Variance Analysis for the financial year, Variance analysis cumulative
- Supervision missions will require information containing the following basic tables that the SAPP II Secretariat should be able to source from the SAPP II accounting package: (i) financial performance by financier (US\$), (ii) current and cumulative expenditure by output/ component analysed by financier (US\$), (iii) cumulative expenditure trends by category .
- The SAPP II Secretariat will need financial information for budget control, therefore, it should be possible to accumulate information up to each individual budget activity and report budget vs actual expenditure trends up to individual budget activity.

III.1.4 Counterpart Funding

The SAPP II requires additional counterpart funding to meet IFAD replenishment thresholds. Government and beneficiaries' contributions will be in in-kind form. Government's contributions constitute tax exemptions on imports. VAT on suppliers' invoices will be borne by IFAD funding and become eligible. This is to avoid VAT refund from the Government which takes too long to be reimbursed.

III.1.5 Grant Administration Arrangements

There are four standard procedures to be used for withdrawal of SAPP II proceeds from the Grant Accounts. The four disbursement procedures are:

- (i) **Procedure I - Designated Account**, should be used for an initial advance/ deposit and subsequent revolving advances fund to the Designated Bank Account for SAPP II.
- (ii) **Procedure II - Direct Payment**, should be used for eligible SAPP II expenditures to be paid directly by IFAD to suppliers, contractors, consultants, or third parties as authorised by the GOM.
- (iii) **Procedure III - Special Commitment**, should be used for eligible SAPP II expenditures related to items imported by Programme implementing agencies under "Letter of Credit" (L/C) requiring the issuance of guarantees for reimbursement to commercial banks by IFAD.
- (iv) **Procedure IV - Reimbursement**, should be used when eligible SAPP II expenditures reimbursable under the grant have been pre-financed by the GoM.

The forms, instructions and explanatory notes on their preparation and operation are explained in the Letter to the Borrower and Disbursement guidelines/handbook explained to implementing teams during start-up workshops.

III.1.6 Flow of Funds

SAPP II through MoA will open a designated account in US\$ within the Reserve Bank of Malawi separately for IFAD, and each other counterpart financier. The Programme will open an operation account in MWK

for each instrument in a credible Commercial Bank acceptable to IFAD. Once the grant is declared effective, IFAD and other financiers financing will flow from their respective accounts directly to their respective SAPP II designated accounts. This will limit conditions prior to first disbursement and avoid start up fund request. The disbursement to designated accounts will follow IFAD disbursement based on IFR, Financial Execution FE Module, and ICP procedures and processes which the finance team will carry out at the end of each quarter. One of the key actions for disbursement requests will be based on two quarter cash flow forecast for advances. All districts will open a holding account and operation account each to receive budgeted funds from PMU accounts in respect of the required financial management report. In return, monthly financial management reports will be required to account for funds received. All beneficiaries for Farmer Challenge Fund-FCF shall each open a group account and personal business account for off-takers within a commercial bank. The allocated funds will flow from PMU operation account to each district account then to each beneficiary's personal account. The FCF disbursement will be subjected to frequent verifications during IFAD missions, internal audit, and annual external audit.

Figure. SAPP II DISBURSEMENT FUNDS FLOW

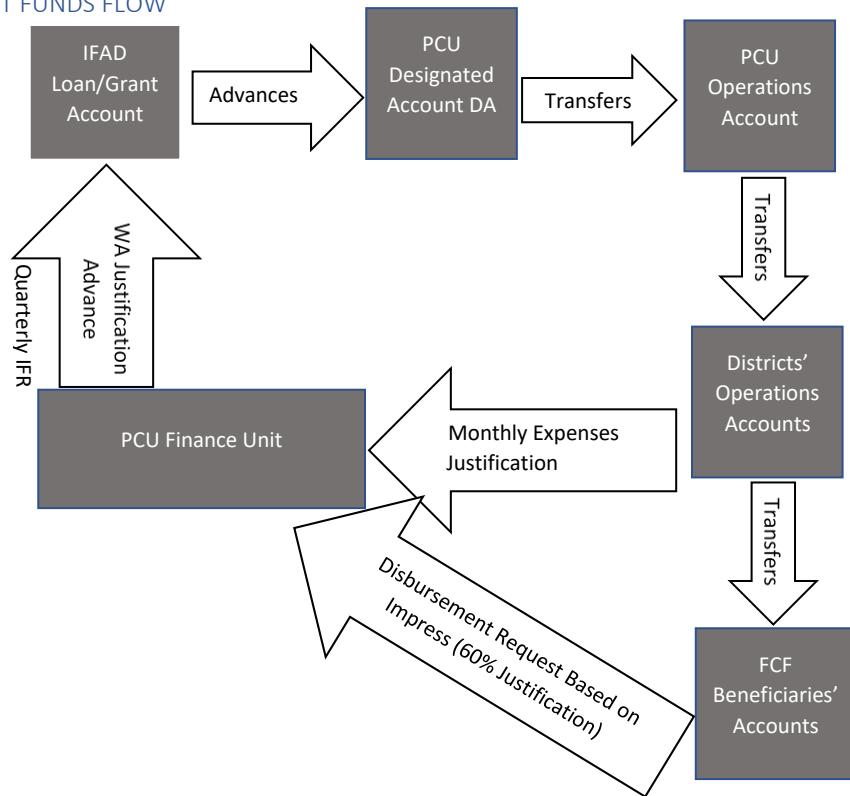


Figure 1: SAPP II Funds Flow Schedule

An explanation of each of the lines of the above Flow of Funds Chart, together with the double-entry accounts posting that should be passed at each stage is presented in the table below:

Table 5: Explanation of the lines of funds flow with bookkeeping strategy

	Flow Description	Bookkeeping Strategy
1	Direct payments from IFAD to service providers, contractors, Suppliers	Debit: Expense account per chart of accounts depending on the category and outcome of the expense. Credit: Receipts from IFAD (Loan or grant as appropriate)
2	Initial deposit into the Designated Account and subsequent revolving advances .	Debit: Bank. Credit: Receipts from IFAD (Loan or grant as appropriate)
3	Payments in foreign currency for goods supplied, works executed and services rendered.	Debit: Expense account per chart of accounts depending on the category and outcome of the expense. Credit: Bank.
4	Transfer from Designated Account into Operations Account through a holding account.	Inter-bank contra entries. Debit: Operation account Credit: Designated bank account
5	Transfer from PCU Operation Account to District accounts; this includes FCF fund transfer	Debit: District Cost center Credit: PCU Operation account
6	Transfer to from District Operation Account to FCF accounts	Debit: District Operation Credit: FCF advance Debit: FCF advance Credit: District Operation
7	Payments of IFAD portion of local costs.	Debit: Expense account per chart of accounts depending on the category and outcome of the expense. Credit: Operation Bank.
8	GOM Counterpart Funds; will not have specific bank account—will be disbursed through the IFMIS system and posted using a journal in the SAPP accounting system.	Debit: Expense account per chart of accounts depending on the category and outcome of the expense. Credit: GOM counterpart Contribution.

III.1.7 Accounting for Funding to the Districts and others

Funding tagged to fully costed activities in the annual work plans and budgets may be given to the DCs or ADDs or partners on condition that such funds must be liquidated or accounted for via a financial report within 10 days after every month. Subsequent funding will only be made after acceptable accountability has been submitted. At PCU, at the point of making the funds transfer: Debit: Ledger Account of cost centre; Credit Bank. After the cost centre has been able to justify the expenditure: Debit- Expense account; Credit the advance taker ledger account. District financial report to account for fund used should be accompanied by district operation bank account reconciliation, copies of expenses supporting documents and any relevant documents deemed necessary to PCU. PCU will consolidate these expenses in the

accounting system as per the above journal entries. PCU will open a file for each district copies of supporting documents which can easily be accessed by IFAD missions and external audits.

FCF Beneficiaries Flow of Fund and Accounting treatment and Disbursement

PCU will transfer FCF fund upon request through District account. The following transfer journal entries will be used:

PCU Transfer FCF fund through District:

Initial allocation: Debit: Advance account; Credit: PCU Operation account

Subsequent replenishments requests at least 60% of advance used:

Debit: expenses/ FCF category; Credit: PCU operation account

At the end of project, FCF advance recovery:

Debit: expenses/ FCF category; Credit: Initial Allocation.

District Transfer of FCF Fund to FCF Beneficiaries

District Receipt of FCF fund from PCU: Debit: District Operation Account; Credit: FCF Advance

District Transfer to FCF Beneficiaries: Debit: FCF advance; Credit: District Bank Operation account

FCF beneficiaries will prepare disbursement report at least 60% of use of advance and report to PCU directly. PCU will acknowledge the disbursement by checking all FCF beneficiaries supporting documents' eligibility by passing the relevant journal entries specified above. PCU will then transfer the justified amount through the usual channel through District operation account then finally to FCF beneficiaries.

At the end of the project or when the amount allocated to FCF beneficiaries have been fully disbursed, advance recovery for the justification of the initial advance will be sent to PCU to expense the advance and clear it.

Direct payments from IFAD or GoM or beneficiaries have to be posted in the accounting system because they are just like any other payment. Within the accounting package, no bank account would be affected and so the information should be posted in the accounting package using a journal voucher and direct payment supporting documents: suppliers' invoices, procurement reports, and IFAD debit advice of fund transferred to suppliers or beneficiaries, and copy of suppliers' bank credit advice. A special file for direct payment documents and journal voucher should be opened which will allow to follow up and reconcile direct payments recorded in the accounting system. There is a risk that some direct payments may not be recorded because the non-recording would not be detectable through bank reconciliations as no bank accounts would be affected. To counter this risk, it is important that the data in the accounting package be reconciled on monthly basis to the disbursements statements issued by IFAD.

III.1.8 Expenditure Categories

Returns have to be sorted by category and by outcome. The SAPP II Justification Accountants will assist the Programme Accountant to prepare withdrawal applications and financial statements by applying a

good understanding of the programme's expenditure categories when reporting for the District Councils. Under SAPP II, the expenditure categories will appear in Schedule 2 to the financing agreement as follows:

Table 6: SAPP Expenditure Categories in the Financing Agreement

Category	Investment Costs
1	Vehicles, Motorcycles and Equipment
2	Technical Assistance, Trainings, workshops and Studies
3A	Support for Adaptive Research
3B	Support for Seed Regulation and Certification
3C	Support for Improved Agricultural Extension
3D	Support for Access to Key Agricultural Inputs
4	FCF funding
	Recurrent Costs
5A	Salaries and Allowances
5B	Incremental Operating Costs

An effective oversight control should be given to category " Support for Seed Regulation and Certification" throughout the life span of SAPP II. There is risk that Inputs being distributed (seeds, fertilisers, animals etc) but not reaching intended beneficiaries leading to misuse of fund. The distribution of inputs to beneficiaries should always have delivery note showing clearly detail of inputs bought and the amount, duly signed by beneficiaries/receivers in duplicate copies, one available with the beneficiaries to be checked by any mission and audit if require. Special review will be given to this category during missions, internal audits, and external audit during which the amount of inputs bought and signed delivery notes will be reconciled to show the accuracy of inputs bought and distributed. Any discrepancies between will be considered as ineligible and will be liable to be refunded by the Government.

FCF category will be given special attention. This category will be charged not when fund has been disbursed but only when disbursed fund has been accounted for and proved eligible. Missions, internal and external audit will check FCF expenses to confirm its eligibility and certify it. Any ineligible expenses will be refunded.

III.1.9 Auditing

III.1.9.1 Internal Auditing

SAPP II will continue using the Ministry of Agriculture Internal Audit Department. SAPP II internal auditor will focus more on the project deliverables, but still not overlooking the internal control aspect. SAPP II will dedicate adequate budget line in each year AWPB for internal audit to carry on with their quarterly activities as the focus will be more on deliverables in the field within all districts.

III.1.9.2 External Auditing

The Malawi Auditor General is an independent State Audit Institution, with discretion to assign the National Audit Office or private audit firms to audit a particular project. SAPP II will follow a hybrid audit process where the Auditor General will assign staff from National Audit Office together with private auditors, for greater efficiency. Auditing of the operations of the Project will be done in accordance with

the Public Audit Act (2003), International Organization of Supreme Audit Institutions (INTOSAI) and IFAD guidelines for Project audits.

The National Audit Office (NAO) shall be responsible for the audit of the financial statements relating to the Programme. In the event that the NAO chooses to appoint external auditors to audit the financial statements relating to the Programme, such appointment shall be carried out in accordance with the procedures and criteria set forth in the Fund's "Guidelines on Project Audits (for Borrowers' Use)" as may be amended from time to time, and shall be subject to the prior approval of IFAD.

The GoM shall have the financial statements relating to the programme audited each fiscal year by such auditors in accordance with International Standards of Auditing and the IFAD "Guidelines on Project Audit (Borrower's Use)" as they may be amended from time to time. GOM shall ensure that in addition to the audit reports on the financial statements, the auditors shall provide:

- An opinion on the certified IFR expenditure and the operation of the designated Account;
- A separate opinion on the Programme Financial Statements (PFSs);
- A separate opinion on the use of the Designated Account (DA);
- A separate management letter addressing the adequacy of accounting and internal control systems.

IFAD requires that there must be audit entry and exit meetings. IFAD Finance Officer should take part on these meetings either in presence or remotely which ever it is possible. The MoA shall deliver to IFAD a certified copy of the audit report and Management Letter within 6 months after the end of the fiscal year. The MoA should submit its reply to the Management Letter to the auditors before the certification of the final audit report .

All expenditures disbursed on the basis of IFR should be audited annually by the Auditor General, or external auditors appointed by them and acceptable to IFAD and a separate opinion of the auditors in respect of the IFR expenditures must be included in the certified audit report which must be submitted to IFAD. The suggested formats of the financial statements on SAPP financial statements under IPSAS cash basis are presented in the annex of IFAD Handbook for Financial Reporting and Auditing.

IFAD Audit Terms of Reference- TOR

The TOR below will constitute the TOR detailing the areas the auditor will concentrate on during the annual audit. SAPP II will customize its audit TOR as per IFAD audit TOR which will be submitted to the auditor for use. For more information, consider IFAD Handbook for Financial Reporting and Auditing.

Terms of reference for the financial audit and factual findings of

[Title of the project]

1. Background

- The International Fund for Agricultural Development (IFAD) is aiding the borrower/ recipient in the form of loan(s) [and/or grant(s)].
- A financing [and /or grant] Agreements has/have been signed between IFAD and the [borrower/recipient]; refer to appendix 1.

- [Insert for private auditor]: IFAD requires the borrower/recipient to appoint an independent auditor to audit the accounts related to the project, in accordance with the IFAD Handbook on Financial Reporting and Auditing.
 - The reporting entity is [xxx].
 - The entity prepares its financial statements in accordance with [applicable accounting standards].
 - The auditor conducts its audit in terms of [applicable auditing standards].
 - [Insert any other information that may be relevant to the auditor]
2. Objective

The objective of this audit is to enable the auditor to express an opinion on whether the financial statements (including additional disclosures as outlined in section 5) present fairly, in all material respects, the financial position of the reporting entity as at [insert year-end date], and/or the results of its operations and its cash flows for the years then ended, in conformity with the [applicable accounting standards].

3. Responsibilities of the [borrower/recipient]

I. General

- Provide financial statements for the activities financed by the loan/[grant] that are reconcilable to its records and accounts.
- Provide the auditor with access to all legal documents and correspondence with consultants, contractors and other persons or firms engaged by the project, and any other information associated with the project and deemed necessary by the auditor.
- Ensure that the accounting policies are consistently applied and disclosed.
- Ensure that appropriate internal controls are implemented to prevent misstatements and susceptibility to fraud.
- Ensure compliance with all relevant laws and regulations that pertain to the entity, as well as with the financing agreement between the [borrower/recipient] and IFAD.
- Provide the financial statements to the auditor within a reasonable time and be available for any queries that the auditor may have.

II. Financial Statements

The [borrower/recipient] shall:

- Prepare financial statements covering the reporting period [date] to [date], in accordance with acceptable accounting standards that will be identified in the Notes to the Financial Statements.

In addition, the following specific disclosures will be included in the financial statements:

- Withdrawal application statement – appendix 1 to the IFAD Handbook on Financial Reporting and Auditing of IFAD-financed Projects.
- Sources and uses of funds statement – appendix 2 to the IFAD Handbook on Financial Reporting and Auditing of IFAD-financed Projects.
- Designated Account statement and reconciliation – appendix 3(a) and 3(b) to the IFAD Handbook on Financial Reporting and Auditing of IFAD-financed Projects.
- [Statements of Expenditures – appendix 4 to the IFAD Handbook on Financial Reporting and Auditing of IFAD-financed Projects] – applicable to grants.
- Expenditure transaction list – online provided in IFAD Grant Forms repository see document C.2 ‘Transaction List’ – applicable to grants.
- Where the amount transferred to the Implementing Partners is substantial, the PMU should receive a copy of the audited FS from the IPs.

4. Responsibilities of the auditor

I. Auditing standards

- The auditor is responsible for the formulation of an opinion on the financial statements in accordance with [ISA/ISSAI/national auditing standards].

II. General Principles

By agreeing to these terms, the auditor confirms that:

- The firm is independent from the project, its staff and activities, in accordance with international best practices.
- The firm is not providing consultancy services to the project or preparing its project financial statements (nor has it done so in the previous two years).
- The auditor is suitably qualified and a member of a professional body affiliated with the International Federation of Accountants.
- [The office of [public auditors] is a member of the International Organization of Supreme Audit Institutions (INTOSAI)].
- The auditor is able to conduct the audit in line with auditing standards acceptable to IFAD, pursuant to paragraph 4 (I).
- The firm can assign an audit team to the audit that has the necessary competence and skills.
- The firm has a proven track record in conducting audits of a similar nature and complexity.

III. Reporting

The Auditor is required to deliver an audit package in compliance with ISA 700, and include:

- The audited financial statements, including additional disclosures as outlined in paragraph 3 (II).
- A report on factual findings, within the scope of agreed-upon procedures as outlined in paragraph 6. Any ineligible expenditure identified should be clearly mentioned.
- A management letter, including the information outlined in paragraph 4 (IV).

IV. Management letter

The management letter is an integral part of the audit package that documents accounting and internal control issues identified by the auditors. The format of the management letter needs to classify the findings by risk priority. The management letter should:

- Provide comments and observations on the accounting records, systems, and internal controls that were examined during the course of the audit; and identify specific deficiencies and areas of weakness in systems and controls and make recommendation for their improvement;
- Include the responses of project management to the identified control issues, and its proposal to address the issues identified within a specific time.
- Where applicable, follow up on the issues identified in the previous year's management letter.
- Give comments on economy, efficiency, and effectiveness in the use of resources by the project management.
- Report on the degree of compliance of each financial covenant in the financing agreement and give comments, if any, on internal and external matters affecting such compliance.
- Communicate matters that have come to the auditor's attention during the audit which might have a significant impact on the implementation of the project.
- Review results and findings on IFR reliability for the reporting period
- Any other matters that the auditors consider pertinent.
- List additional procedures, if applicable.

The audit report should provide sufficient detail as to the nature and extent of the procedures performed by the auditor. The auditor is required to provide the audit package by no later than [insert date]. Reports are to be delivered in the official language of the financing agreement.

5. Scope of the financial audit

In performing the audit, at a minimum the auditor shall:

- Confirm whether the financial statements have been prepared following international (IPSAS, GAAP, IFRS), regional or national accounting standards; in the latter case, identify elements of difference with the international standards.
- Confirm the auditing standards used for the audit.
- Obtain audit evidence that the financial statements are fairly presented and free from material mis-statements, in accordance with the applicable accounting framework.
- Assess internal controls related to the financial reporting process, and identify any weakness that might result in mis-statements, whether due to fraud or error.
- Verify the reliability of SoE or IFRs, as the case may be, used to support Withdrawal Applications, ensure they are reliable and accurately reflect expenditures incurred and activities carried out during the reporting period.
- Verify whether expenditure that was incurred in the name of the project is in line with the terms of the financing agreement(s) (appendix xx) and incurred for the purposes intended in this agreement. Both IFAD and third-party funding should be taken into consideration.
- Verify whether counterpart funds provided by the Government of [Country] have been provided and used in accordance with the relevant financing agreement; verify that the amount of in-kind contribution is reported according to the agreed accounting principles and the reported fair-market value for all in-kind contribution items is reasonable and correctly and fully disclosed in the financial statements.
- Verify that the inventory and fixed assets held by the entity exist, are complete, are properly accounted and are used for the project purposes; at project closure, confirm that the project assets are transferred to the Borrower/Recipient or the entity identified in the financing agreement.
- Verify the project's recurrent costs (salaries and operating costs) claimed under WAs and ensure they are reasonable, congruous with project's implementation's needs and within the acceptable threshold (FA schedule II and its revisions).
- The audit should cover selected project's regional/provincial implementing units as per the audit plan agreed with the PMU/PCU.
- [List others]

6. Scope of the agreed upon procedures

The auditor is required to perform the following specific procedures and report on factual findings as required in paragraph 4.3.

I. Withdrawal application statement

The auditor is requested to obtain the individual withdrawal applications (WAs) submitted to IFAD, as summarized in the withdrawal application statement, and develop test procedures to:

- Confirm that the withdrawal application statement is reconciled with the amounts disbursed by the Fund and deposited to the DA.
- Confirm that the withdrawal application statement is reconciled with the IFRs submitted to the Fund.
- Determine whether the Designated Account currency equivalent was determined using the historical exchange rate of transfers to the operating account or the accounting rules used.
- [List additional procedures, if applicable]

II. Designated account statement

The auditor is requested to review the activities of the designated account(s) associated with the project, including the initial advance, replenishments, interest that may accrue on the outstanding balances, and the year-end balances. The auditor is requested to develop test procedures to:

- Check the accuracy of the Designated Account (DA) reconciliation(s).

- Confirm that the Designated Account(s) have been maintained in accordance with the provisions of the financing agreement, and transactions from the DA are accurately and correctly recorded in the financial accounts and statements of the project.
- Check that expenditures as reported in the project financial statements are reconciled with the amounts withdrawn from the Designated Account and the amounts deposited to the DA are reconciled with the amounts disbursed by the Fund.
- Reconciliation should also be made with the amounts paid from the pre-financing account and direct payments (if any).
- [List additional procedures, if applicable]

III. Interim Financial Reports (IFRs) and Certified Statement of Expenditures (SoEs)

The auditor is requested to obtain the certified SoEs or IFRs as submitted to IFAD, and apply such tests and control, as the auditor considers necessary under the circumstances, to:

- Ascertain that the financial management system is reliable to produce the IFRs and has met Fund's requirement during the year.
- Determine if expenditures incurred are related to activities outlined in the AWPB and in accordance with the grant agreement.
- Determine whether the funds have been utilised for the intended purposes, with due regard to economy, efficiency and social equity.
- Determine if the SoE threshold was set for the financing instrument and IFRs prepared accordingly.
- Determine whether the expenditures claimed through IFRs or SOEs were properly and appropriately authorized, classified and supported by adequate documentation.
- Identify any ineligible expenditure, including nature of ineligible expenditures, date incurred, and IFRs period.
- [List additional procedures, if applicable]

IV. Agreed upon procedures for donors' funded projects

- In the case of projects financed by the Green Climate Fund (GCF), the auditors will assess the compliance of the project accounting records and the GCF Annual Progress Report (APR) with the applicable GCF requirements (e.g. expenditure eligibility, categorization vis-à-vis the GCF budget categories; etc.).
- To include specific requirements for other donors, as needed.
- [List additional procedures, if applicable]

V. Other

- [List additional procedures, if applicable]

7. Public disclosure

IFAD promotes public disclosure of project financial information to enhance the level of transparency and accountability. IFAD will disclose project audit reports, as appropriate, in line with the Fund's disclosure policy. Management Letters issued by auditors are not subject to public disclosure by IFAD. In agreeing to the terms of reference, the auditor explicitly acknowledges IFAD's right to publicly disclose audit reports (audited financial statements and audit opinion) and will issue reports without a limitation of use clause.

To facilitate the public disclosure process, the auditor is requested to submit two separate files as follows:

- Audited financial statements, audit opinion and report on factual findings (the latter where applicable).
- Management Letter.

8. Appendices

- [list as applicable]
- Appendix: Financing/grant agreement(s) Appendix: Letter to the Borrower
- Appendix: IFAD Handbook on Financial Reporting and Auditing of IFAD-financed Projects

Signed by:

Date:

III.2 Procurement Procedures

Introduction

This section of the PIM defines the operational basis for undertaking the procurement activities. The volume of the Goods contracts is predominant at 80.4%, followed by Consultancy contracts (16.5%). The procurement of Works is estimated at (3.1%).

The Procurement Activities under the Projects' Components

The project has three components, all of which include procurement activities and will be implemented through the PMU with the support of the Ministry of Agriculture.

- Component 1: Increased smallholder productivity and climate resilience
- Component 2: Commercialization of smallholder farming systems
- Component 3: Strengthened institutional capacity and knowledge management

The total project financing is US\$3.042 million, with the main financiers being IFAD (USD18.0 million), EU (USD2.6 million), Government of Malawi (USD8.0 million) and Project Beneficiaries and Private Sector (USD6.0 million). The Project has a financing gap of USD 15.4 million which is expected to be filled by other bilateral donors.

1 Applicable Procurement Rules

The project procurement shall be carried out according to the Malawi Public Procurement and Disposal of Assets Act, 2017 to the extent that it is consistent with the IFAD Project Procurement Guidelines and the procurement procedures elaborated in the IFAD Procurement Handbook, the Financing Agreement and the Procurement Arrangements Letter. The Procurement Act is supported by Public Procurement Regulations, 2020 and Desk Instructions issued in 2003. The desk instructions break down the overall procurement process into a series of individual procedures which are further broken into step-by-step instructions. The Ministry of Agriculture (MoA) Internal Procurement and Disposal Committee will handle SAPP II procurement requests. The Malawi Government through Public Procurement and Disposal Authority (PPDA) will be carrying out performance assessment (in terms of compliance with the laws and regulations) of various procurement entities. During the project design, the MoA was classified as having adequate capacity owing to its well-structured Procurement unit headed by a Director of Procurement.

The Malawi public procurement legal framework is robust consisting of Public Procurement and Disposal of Assets Act, 2017, the Public Procurement Regulations, 2020 and Desk Instructions issued in 2003. There are Standard Bidding Documents (SBDs) for national bidding with defined procurement processes and standard conditions of contract. Available procurement methods are set out clearly, with open competitive bidding as the default method. The range of methods available provides an appropriate degree of options to ensure competition, fairness, transparency, integrity and value for money. The options available under the open advertised bidding method allow for simple and more complex procurements, including open international bidding. There are defined conditions under which each less competitive and non-competitive method may be used.

The Desk Instructions need to be updated to be consistent with the new Regulations of 2020. E-procurement is not in use yet but the Act provide for gradual introduction of e-procurement and conditions for their application. Limited use of information and communication technology in the procurement process may cause occasional delays and limit the ability to track and monitor progress of procurement processes.

2 Procurement Methods, Thresholds and Prior Review

All project procurements shall be undertaken through open competitive bidding. The National Procurement Law and Regulations will govern all Programme procurements using National Standard Bidding documents which are supplemented /adapted to meet IFAD's SECAP standards and grievance mechanisms and the IFAD's Project Procurement Guidelines and IFAD Procurement Handbook. The only exception will be in the case of ICB procurement method where IFAD Standard Bidding document will be used. Small value goods may be procured under shopping procedures. Limited International Bidding (LIB) and procurement under Framework Agreements may also be used where appropriate.

2.1 Procurement Plans (PP)

The Procurement Arrangements Letter will specify the financial thresholds for the use of procurement methods and the prior review thresholds. The procurement plan developed in line with the AWPB will reflect the range of contract threshold values applicable. This shall apply to ICB as well as to other less competitive methods of procurement described in the procurement plan.

2.2 Contract Register (CR) and Contract Monitoring Tool (CMT)

SAPP II will be set up on the IFAD OPEN system and Contract Monitoring Tool (CMT) function of the IFAD Client Portal (ICP) from project start up, thus ensuring effective supervision and prior review of procurement processes by IFAD, as well as adequate contract monitoring within SAPP II.

2.3 Tabular Summary of Applicable Methods and Thresholds

The determination of procurement selection method thresholds and of prior review thresholds will be used to develop the initial 18-month procurement plan, and as a guidance for the Procurement Arrangement Letter. The consolidated findings for Pillar 3 and 4 in Part A were found to pose medium risk

with room for re-categorization to low if proposed mitigating actions are implemented. The risk for Pillar 3 can be mitigated by initiating planned procurement activities on time and putting in place a system to measure and improve procurement and contracting practices. Among the measures to mitigate the risk for Pillar 4 include publicising public procurement information on aspects such as procurement methods used, contract awards and administrative review decisions as well engaging citizens and the civil society organizations to strengthen integrity in public procurement and addressing audit recommendations in a timely manner. All the assessments for the criteria in Part B were found to pose a low risk. The thresholds in the procurement plan are based on the PRM score for both Part A and B which returned a low inherent risk. Below are the thresholds drawing on the PRM score:

Table 7: Procurement methods and thresholds for Goods, Works and Non-Consulting Services in US\$

Expenditure Category	Contract Value Threshold (US\$)	Procurement/Selection Method	Prior Review Thresholds
Works/NCS	≥ 1,000,000	ICB, Domestic preference allowed.	≥ 250,000
	< 1,000,000	NCB	
	≤ 400,000	Shopping	
	For values indicated in the PAL and in the PP with due justification	Direct Contracting	
Goods/NCS	≥ 250,000	ICB, Domestic preference allowed.	≥ 100,000
	< 250,000	NCB	
	≤ 150,000	Shopping	

	For values indicated in the PAL and in the PP with due justification	Direct Contracting	
Consulting Services and Non-consulting services	≤ 100,000	CQS and ICS	≥ 80,000
	< 200,000	LCS and FBS	
	≥ 200,000	QCBS/QBS	
	≥ 100,000	Shortlisting	
	For values indicated in the PAL and in the PP with due justification	SSS	

2.4 Special Procurement Arrangements

In line with the General Conditions, procurement of goods, works and services for IFAD-financed projects shall be carried out according to the Borrower's/ Recipient's procurement regulations to the extent that they are consistent with these Guidelines. When applicable, each procurement plan should identify the procedures and methods that must be implemented by the Borrower/Recipient in order to ensure consistency with these Guidelines. IFAD will decide whether the Borrower's/Recipient's national procurement system can be used in its entirety, in part or not at all. This decision will be communicated to the Borrower/Recipient and reflected in the project design document.

2.5 Standard Procurement Documents (SPD)

In view of the assessment of the national legal framework, below are the proposed bidding period and bid validity period to be applied as per the relevant procurement method:

Bidding periods	Public Procurement and Disposal Act, 2017.		IFAD Applicable rules Module F1: Procurement Methods for Goods, Works and Non-consulting Services
ICB	Article 42	Not less than 45 days	ICB opportunities are advertised for a period of no less than 45 days
NCB	Article 42	<i>Not less than 30 days</i>	NCB opportunities are advertised for a period of no less than 30 days.
Bid validity	Article 48 of the Regulations	No prescribed period. Duration at Procuring Entity's discretion.	Under NCB, all bids shall be valid for a period of no less than 90 days
			Under ICB shall be valid for a period of no less than 120 days
RFQ	Article 42	Not less than 5 days	No prescribed duration, but best practice is usually not less than 7 days.
DC/SSS	Article 42	5 days	No prescribed duration.
Restricted tendering	Article 42	Not less than 21 days	No prescribed duration, but best practice is Usually not less than 21 days.
Request for Proposal	Article 42	Not less than 21 days	N/A

2.6 Guidance Offered in the IFAD Procurement Handbook

2.6.1 Application of the Handbook

The handbook applies to any procurement activity undertaken by a borrower/recipient when procuring goods, works or services under any IFAD-financed operation, and when the applicable agreement so provides. Consistent application of the handbook's provisions and procedures is essential for ensuring greater efficiency, transparency, uniformity of documents and decisions and lower procurement costs.

2.6.2 Key Provisions of the Handbook

The procurement of goods, works and services for any given project should adhere to the following general provisions:

- i) Procurement is to be carried out in accordance with the financing agreement and the IFAD Project Procurement Guidelines, the respective loan agreement, including any duly agreed amendments thereto, and the borrower's/ recipient's procurement regulations and/or this handbook, as applicable.
- ii) The cost of procurement may not exceed the availability of duly allocated funds, as stated in the financing agreement.
- iii) Procurement must be consistent with the duly approved annual work plan and budget (AWPB) and in accordance with the activities included in the procurement plan.
- iv) Procurement must be well-organized and properly carried out in terms of quantity, quality and timeliness, and at the optimum price.
- v) Processes must be proportionate to the procurement activity to minimize the overall cost of the procurement process and tailor it to the budget for the activity undertaken.

2.7 Prior Review Documentation

2.7.1 Procurement Plan (PP)

Procurement Plans submitted as part of Annual Work Plans and Budget and any subsequent amendment of these PP's.

2.7.2 The General Procurement Notice(s) (GPN)

The GPN publication and the text of the advertisement including key contracts incorporated in the Procurement Plan like all ICB contracts for goods and works as well as all consultancy contracts of interest to the international business community publicized through the GPN as soon as the Financing Agreement is signed and subsequently ratified.

2.7.3 ICB/NCB (Goods, Works, Non-Consulting Services)

The following procurement decisions shall be subject to prior review by the IFAD for the award of any contract for Goods, Works, Non-Consulting Services under the Project:

- Prequalification documents and shortlist when prequalification is undertaken;
- Technical Specifications for Goods/Works/NCS
- Draft bidding document, and draft procurement notice;
- Amendments to the Bidding Documents and RFPs, CfPs
- Evaluation report and supporting documents including Composition of evaluation committees; and
- Draft contract and the minutes of contract negotiation; Contract amendments, if any.
- Any other step as mentioned in the PAL or its related amendment

2.7.4 Shopping (Goods, Works, Non-Consulting Services)

- Draft request for quotation;
- Quotation evaluation report and supporting documents;
- Draft contract/purchase order
- Any other step as mentioned in the PAL or its related amendment

2.7.5 Consulting Services: QCBS, QBS, FBS, and LCS

The following procurement decisions shall be subject to prior review by the IFAD for the award of any contract for consultancy and services under the Project:

- The draft Term of Reference (TOR), and the draft request for expression of interest (REOI);
- The EOI evaluation report, the shortlist and supporting documents when prequalification is undertaken;
- Draft request for proposal;
- Amendment to the bidding documents and RFPs, CfPs;
-
- Technical evaluation report and supporting documents including composition of evaluation committees;
- Combined (technical and financial) evaluation report and supporting documents; and
- Draft contract and the minutes of contract negotiation; Contract amendments if any.
- Any other step as mentioned in the PAL or its related amendment.

2.7.6 Consulting Services: CQS and ICS

- The draft Term of Reference (TOR), and the draft request for expression of interest (REOI);
- The EOI evaluation report, the shortlist and supporting documents
- “Prior lists” for shortlisting consultants
- The EOI evaluation report, the shortlist and supporting documents,
- Draft contract and the minutes of contract negotiation;
- Contract amendments, if any.
- Any other step as mentioned in the PAL or its related amendment.

2.7.7 Direct Contracting and Single Source Selection

Written justification for DC/SSS contracts.

2.7.8 Force Account

N/A

2.7.9 Procurement from United Nations Agencies

N/A

2.7.10 Other specific Prior Review requirements

A contract whose cost estimate was below IFAD’s prior review threshold indicated in the Procurement Plan shall fall under prior review if the price of the lowest evaluated bidder exceeds such threshold. All related procurement documentation already processed, including the evaluation report and recommendation for award, shall be submitted to IFAD for its prior review and no objection before the award of contract.

If after publication of the award the Borrower receives protests or complaints from bidders, a copy of the complaint, the Borrower’s comments on each issue raised in the complaint, and a copy of the Borrower’s response shall be sent to IFAD for its review and comments.

There may be cases where the procurement process does not result in contract award. In such situations, the borrower may recommend (i) cancellation and rebidding, or (ii) price negotiation with the lowest evaluated substantially responsive bidder. These recommendations are subject to IFAD’s prior review and issuance of no-objection.

2.8 Other procurement-related coordination with IFAD

The borrower shall inform IFAD of the independent and competent national or local authority (or authorities, if the activities that follow fall under the jurisdiction of more than one authority) to be responsible for receiving, reviewing and investigating allegations of fraud and corruption relating to IFAD-financed and/or IFAD-managed activities and operations;

The borrower shall also provide the name(s), position(s) and contact information of a focal point within that authority (or those authorities, as appropriate) and inform IFAD of any potential changes of that focal point.

Pursuant to Section 8.06. of the General Conditions, the Borrower/Recipient and Project Parties shall promptly inform the Fund of any non-compliance with the IFAD Policy on sexual harassment, sexual exploitation and abuse.

3 Critical Procurement Issues

3.1 Areas of Inconsistency between National Law and IFAD Project Procurement Guidelines

For cases where there may be inconsistencies between the national law and the IFAD Project Procurement Guidelines and the procurement procedures elaborated in the IFAD Procurement Handbook, the Financing Agreement and the Procurement Arrangements Letter, the provisions of the IFAD Procurement Guidelines and procedures will take precedence.

3.1.1 Comparison between National and IFAD Procurement

The following IFAD policies and procedures which are missing in the National Procurement system will be incorporated in the National Standard Bidding Document when they are to be used:

- policies on anticorruption and sexual harassment exploitation and abuse.
- policy on the Anti-Money Laundering and Countering the Financing of Terrorism.
- template for bidder's self-certification
- Social, Environmental and Climate Assessment Procedures (SECAP)
- No provision for bidders to request clarifications under RFQ method;
- There is requirement by law to publish bidding opportunities and contract awards but other procurement related data are not made available to the public.
- The procurement framework does not allow public to participate in public procurement phases other than bid opening.
- There is no disclosure of secure, accessible and confidential channels for reporting cases of fraud, corruption or other prohibited practices or unethical behaviour.
- Absence of an end-to end procurement system.

In spite of the above gaps, the national rules provide for wide publication of tender documents on various media, the procedures provide for adequate competition, there are clear instructions on how bids should be submitted. The methods to be used in the evaluation of bids and award of contracts are objective and made known to bidders in advance.

3.2 Cost and Schedule Estimate

Estimated costs of the project components and proposed contract packages should be based on detailed, accurate, and reliable quantities and unit rates, as accurate cost estimates are essential to an effective

procurement plan and will reduce the risk of unsuccessful procurement and corresponding delay in project implementation.

3.3 Publication of Notices

Notices for NCB and ICB contracts shall be published in at least one newspaper with national circulation in the borrower/recipient country and published on the United Nations Development Business website and on the IFAD website.

3.4 Award of Grants/Loans

3.4.1 Selection of Grant or Refinancing Partners

In case of applicants partnering with other organizations, a single application should be submitted for consideration, clearly indicating the lead agency and the names of all collaborating partners.

3.4.2 Grant Beneficiary Selection

Grant beneficiaries will be selected through competitive selection. The grant application review and rating process for competitive grants will include criteria considering factors such as: capacity of applicant including eligibility and legal standing; need or extent of the problem; experience in the priority area or specific theme; soundness of approach; applicant ability to leverage resource; and probability of achieving results. The project will include the selection criteria in grant announcements. All identified grant recipients shall undergo due diligence before final award.

3.4.3 Micro-credit Financing

In the case of Micro-credit Financing, the intermediary should be properly registered with the authority to receive and account for funds, and to administer procurement reliably in accordance with established commercial practices acceptable to the Fund. However, even in these situations, open competition may be the most appropriate procurement method for the purchase of large single items or in cases where large quantities of like goods can be grouped together for bulk purchasing.

3.5 Procurement Principles and Ethics

The Procurement of goods and services shall be conducted by competitive methods, promoting transparency and accountability in the processes and fair and equal opportunities for bidders. The processes must foster integrity, efficiency, effectiveness and economy, and achieve value for money by obtaining the desired quality of services, supplies and/or works at the best price-quality ratio.

No person or entity shall use, or attempt to use, his, her or its authority, position or office for personal gain or interest, which is defined as soliciting, accepting or otherwise benefiting from anything of material value in any form, either in person or indirectly through close relatives or associates, in connection with IFAD-financed operations

3.6 Combatting Corruption and Sexual Harassment

The project will adapt all bidding documents to include mandatory references to the IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations and with its Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, and IFAD's Anti-Money Laundering and Countering the Financing of Terrorism Policy.

3.7 Record Keeping

Procurement records shall be kept orderly in file records in shelves or other safe place, but preferably the procurement records shall be saved orderly electronically and uploaded to the cloud or other safe electronic environment (including a protected in-house server). Paper file records should not be cramped. Excess papers shall be kept in additional volumes in one or more additional lever- arch folders and in chronological order. Bids and proposals submitted by bidders may be left out of the lever arch file and kept in appropriately labelled box files. Lever arch folders should have a side label and a file index. The procurement file shall contain the documents as required in Module B of the IFAD Procurement Handbook.

4 Procurement Transactions – Institutional Setup and RACI

4.1 Delegated Procurement Responsibilities to local entities

The procurement function will be centralized at the SAPP II Secretariat.

4.2 Implementing Partners

MOU will be signed with identified Partners in the course of project implementation.

4.3 Accounting for Procurement by Local Entities and Partners

Local procurement entities account for procurement activities and actions to SAPP II and the Malawi Public Procurement and Disposal Authority.

4. Institutional Setup, Roles and Responsibilities

The implementation period of SAPP II is 7 years. All procurement activities will be conducted by the MoA through the Project Management Unit (PMU). The MoA will assign to the Project Management Unit (PMU) the responsibilities of programming, budgeting, and allocation of resources for the project. The PMU will be responsible for oversight of the IFAD portfolio utilizing a programme approach. The PMU will assure efficiency of certain key functions such as procurement, M&E and knowledge management, and will make use of systems which are constantly updated in line with international best practices and tools offered by IFAD and will ensure proper start-up of the project as well as capacity building. The PMU will ensure recruitment of an appropriate Procurement officer and a Procurement assistant responsible for management and implementation of procurement activities.

4.4.1 Evaluation Committees

The evaluation shall be carried out by an Ad hoc Evaluation Committee of at least three members. The Evaluation Committee shall, wherever possible, include at least 1 member with the technical knowledge and experience related to the type of procurement, and may include external experts depending on the complexity of the requirements and the risks involved.

4.4.2 IFAD-funded PMU staff selection

Staff members will be recruited as individual consultants through a competitive selection process.

4.4.3 Roles & Responsibilities

The Procurement Unit staff, in collaboration with other PROPEIXE staff, will be responsible for:

- Preparation of the annual project procurement plan including any subsequent revision of it, in line with the AWBP, and submit it in time for IFAD's review;
- Supervision of the execution of the procurement activities at the PMU and provincial level and report directly to the Project Coordinator;
- Liaising with the various stakeholders and beneficiaries to ensure timely execution of the procurement activities;
- Managing the implementation of all the procurement activities up to the conclusion of the contract;
- Preparing and request IFAD's No Objection for cases requiring its prior review;
- Ensuring the contract management register is updated and maintained regularly;
- Managing the OPEN system and related procurement operations;
- Maintaining adequate records and filing for each project procurement case.

MoA Internal Procurement and Disposal Committee (IPDC) responsibilities will be to:

- Approve/disapprove the procurement method
- Approve/disapprove the bid document
- Arrange and attend the bid opening
- Select an Adhoc Evaluation Team to evaluate bids
- Review and approve Evaluation report and seek IFAD's No Objection
- Approve amendment of the contract

User Departments should perform the following functions:

- Provide their needs as input into the Procurement Plan and Budget.
- Fill in requisition forms while providing clear Terms of Reference for services, Bills of Quantities for Works or Specifications for goods.
- Participate in contract review, award and signing.
- Participate in contract monitoring.
- Participate in contract performance evaluation.

SAPP Programme Accountant will:

- Provide confirmation of availability of funding.
- Effect payment when the contract has been satisfactorily performed.

Annex 1: Responsibility Assignment Matrix (RAM - RACI) Template

Responsibility Matrix for the preparation of the procurement part of IFAD's PDR

SPO	IFAD Proc. Specialist/ consultant	CD or CPM	OPR	National Stakeholders	ESS Specialist/s	IA of Beneficiary Government
A	R	C	C	C and I	C	C and I

Where:

A stands for oversight / approval and accountability for finalization of the PDR for DRM submission

R stands for responsibility to conduct the task

C stands for the need to consult with this party

I stands for the party being informed about the conduct and result of the project's procurement design tasks.

Annex 2: Procurement Records and Files

The project shall maintain the following records:

- (i) a copy of the published REOI advertisement or shortlist (if applicable);
- (ii) a copy of the published pre-qualification and bidding documents and any amendments, extensions or clarifications requested and issued;
- (iii) a record of the tender opening, signed by all TEC members and the bidders present;
- (iv) a full copy of each bid received and evaluated, plus clarifications requested and responses received;

- (v) a copy of the evaluation report ;
- (vi) signed minutes of all meetings related to the procurement, including pre-bid and negotiation meetings, when held;
- (vii) a contract award notice;
- (viii) any letter of tender acceptance to the supplier, contractor or consultant ;
- (ix) the signed contract document and contract acceptance;
- (x) any contract amendments;
- (xi) all contractual correspondence between the procuring entity and a supplier, contractor or consultant;
- (xii) post-contract documents related to the fulfilment of contract obligations, especially photocopies of bank guarantees or payment guarantees;
- (xiii) signed minutes of any meetings related to contract management, including contract progress or review meetings;
- (xiv) signed delivery documents evidencing delivery of supplies, or signed completion certificates related to a contract for services or works under the contract, including any contract delivery records;
- (xv) a copy of all invoices for works, services or supplies, including working papers verifying the accuracy of payments claimed and details of the actual payment authorized;
- (xvi) a copy of cumulative payment worksheets/records evidencing management of all payments made;
- (xvii) all decisions of the concerned borrower's approval authority related to the procurement, including the approval of the bidding documents, the approval of the evaluation report(s), the contract award, the approval of contract documents and contract amendments and any decision to suspend or cancel procurement proceedings;
- (xviii) a copy of any claims made by the procuring entity with respect to any warranty, non-warranty, short supply, damage and other claims against the contracted vendor or the procuring entity;
- (xix) in the case of IFAD prior review, all submissions and correspondence related to the seeking of IFAD's no objection (NO) and a copy of the respective IFAD NO letter; and
- (xx) any other communications related to the procurement in question, including internal entity correspondence

Annex 3: Guidance on using OPEN End-to-End Project Procurement System

IFAD requires all Borrowers to publish their Procurement Plans in IFAD's online "OPEN End-to-End Project Procurement System" (OPEN). The OPEN system is a single interface system that links all procurement systems in one from planning to acceptance of contract deliverables thus covering complete procurement processes and cycle while voiding duplication of efforts.

The system supports borrowers plan, record, and track key stages of the procurement processes. It is a requirement for IFAD Borrowers to use this system. However, the use of the OPEN system will only apply in instances where procurement activity is subject to prior review thresholds for the projects which are risk based and require IFAD to review and clear stages of the procurement.

It is worth noting that all procurement activities below the prior review thresholds will not be processed end-to-end in OPEN. For such procurement activities, it is expected that only the initial steps such as procurement item, cost estimate, procurement method and market approach and determination if or not an activity is subject to IFAD's prior review or not and in terms of selection of consultants the Terms of Reference (ToRs) will be approved by IFAD in OPEN. The rest of the selection or procurement steps will be subject to Procurement Post Review (PPR) or Audit by the Supreme Audit Institution (SAI) of the Borrower or any institution that would have been approved by IFAD.

The system incorporates built-in guidance for borrowers on how to conduct procurement activities from start to finish. It increases transparency and efficiency by streamlining workflows and automating processes and integrating procurement planning with the No Objection Workflows. It also facilitates tracking of procurement activities and provides analytics and reports to support evidence based management.

Annex 4: Vendor Assessment Form

PART I: COMPANY DETAILS AND GENERAL INFORMATION	
Name of Vendor	
Full Address and Contact Details of the Tenderer.	<ol style="list-style-type: none">1. Country2. City3. Location4. Building5. Floor6. Postal Address7. Name and email of contact person.
Current Trade License Registration Number and Expiring date	
Name, country and full address (<i>postal and physical addresses, email, and telephone number</i>) of Registering Body/Agency	
Description of Nature of Business	

Provide details of the senior management of the firm		
Sector of the Business		
PART II. FINANCIAL INFORMATION		
V A T N u m b er	Tax Number	
B a n k N a m e	Bank Account Number	
B a n k A d dr es s	Account Name	
S w ift / B I C n u m b er	Standard Payment Terms	
Has the company been audited in the last 3 years?		
Please attach a copy of the company's Annual or Audited Financial Reports for the last 3 years.		
Annual Value of Total Sales for the last 3 Years:		
Year:	USD:	Y
Year:	USD:	e
		a
		USD:

	r : Y e a r : USD:
Annual Value of Turnover for the last 3 years	
Year:	USD:
Year:	
	USD:
PART III: VENDOR EXPERIENCE	
List the recent experience of your business with other companies, NDOs and International Organizations	
What is your business coverage area?	
Provide any other information that demonstrates your company's qualifications and experience (awards, etc)	
List any national or international Trade/Professional Organizations of which your company is a member.	
PART IV: TECHNICAL CAPACITY	
Type of Quality Assurance Certificate	
Type of Certification/Certification Document	
International Offices/Representation	
List the type of Goods that your company sells.	
List the main assets of your company (Transport equipment, warehouses, etc)	
PART V: MISCELLANEOUS	
Does your company have an Environmental Policy?, If yes, attach a copy	

Does your company have an ethical Trading Policy?, If yes, attach a copy	
Has your company been bankrupt, or is in the process of being wound up, having its affairs administered by the Courts, has entered into arrangements with creditors, has suspended business activities, is the subject of proceedings concerning these matters, or is in any analogous situation arising from a similar procedure provided for in national law? If yes, please provide details.	
Has your company been convicted of an offence concerning its professional conduct by a judgement which has force of law? If yes, provide details.	
Has your company been guilty of grave professional misconduct proven by other means? If yes, kindly explain.	
Has your company fulfilled obligations relating to the payment of its social security obligations and payment of taxes in the country in which it operates? If so, provide clearance certificate for the last most recent year.	
Has your company been declared to be in serious breach of contract for failure to comply with its contractual obligations, following any procurement procedure? If yes, provide details.	
Has your company ever been in any dispute with any Government Agency, the United Nations, or International Aid Organizations? If yes, provide details.	
Do you agree with terms of payment of 30 days?	

PART V: CERTIFICATION

I certify that the information provided in this form is correct and describes our current business status.

Name _____ of _____
 Manager _____ Signature _____ Date _____

Affix company seal

Annex 5: Debrief, Protest and Appeal Timeline

Debriefing

Any bidder that wishes to learn why its bid or proposal was not selected may request an explanation from the procuring entity. This explanation is known as the debrief. As per Module Group L, the procuring entity will first have sent a notice that the evaluation is completed (via the notice of intent to award [NOITA]). After receiving this information, the unsuccessful bidder may request a debrief. The procuring entity shall promptly provide an explanation in writing of why the bid was not selected. The bidder may then request a meeting. If the procuring entity agrees to a meeting after providing the debrief, the bidder shall bear all the costs of attending the meeting.

The procuring entity shall provide the written debrief within four business days of the request.

The debrief should indicate the stage of the evaluation at which the tender was rejected – i.e. the preliminary review, the detailed evaluation or the financial evaluation and the reasons for its rejection.

If the bid was rejected at the technical evaluation stage, only the details of the requesting bidder will be provided but the technical details of the other bidders will not be disclosed. The requesting bidder will be provided only with the technical evaluation summary of bidders who attained compliance.

Regarding the financial evaluation summary, the requesting bidder will only be provided with the evaluated price of the bidders and their rankings.

Protest and Appeals

1. Any bidder that claims to have suffered, or that may suffer loss or injury due to breach of a duty imposed on the procuring and disposing entity, or Director General may seek a review in accordance with this Section 59 of the Public Procurement and Disposal Act, 2017.
2. The following do not constitute grounds for the review under subsection (1)

- (a) the choice of a selection procedure in request for proposals for services, in accordance with the regulations;
- (b) a decision by the procuring and disposing entity under Section 46 to reject all bids, proposals, offers or quotations; and
- (c) a refusal by the procuring and disposing entity to respond to an expression of interest in participating in requests for proposals for services under section 37(7).

3. A Controlling Officer or head of the procuring and disposing entity or the Authority shall not entertain the application for review unless:

(a) it was submitted within the period of the publication of an intention to award contract for procurement or disposal proceedings whose estimated values are above a set threshold; or

(b) for all procurement and disposal processes below the set threshold, within fourteen days of the bidder submitting the application becoming aware of the circumstances giving rise to the application, or when the bidder should have become aware of those circumstances, whichever is earlier.

4. Upon receipt of the application for review, the procurement or disposal proceedings shall be suspended for ten days.

5. The suspension period in subsection (7) may be extended to thirty days in cases where the dispute has not been resolved.

6. A Controlling Officer or head of the procuring and disposing entity or the Review Committee established under subsection (3) shall render a decision on the application within fourteen days of the submission of such application.

7. An appeal against a decision of a Controlling Officer or head of a procuring and disposing entity shall be made to the Director General and the decision of the Review Committee shall be subject to review by the High Court.

8. Any application submitted to the Director General in the first instance or by way of appeal, shall attract a fee prescribed by the Director General.

7. Unless an application is dismissed, the remedies that may be ordered by the Review Committee may include-

(a) prohibiting the procuring and disposing entity from acting or deciding unlawfully or from following an unlawful procedure;

(b) annul ting, in whole or in part, an unlawful act or decision of the procuring and disposing entity, other than any decision bringing the procurement contract into force;

(c) revising an unlawful decision by the procuring and disposing entity or substituting its own decision for such decision, other than any decision bringing the procurement contract into force;

(d) compelling the procuring and disposing entity to pay the successful applicant its costs of preparing and submitting a bid and application for the review;

(e) reporting the public official who committed the misconduct to relevant oversight bodies for proper action like disciplinary action and prosecution; and

(f) any other remedy that may be prescribed by the regulations.

For prior-review procurements, all protests, submitted by bidders to the borrower/recipient as a result of a Notice of Intent to Award, must be communicated to IFAD before a decision on the complaint is issued. IFAD reserves the right to provide inputs or comments to the borrower/recipient to help it reach

the decision. A copy of the decision must also be provided to IFAD. For post-review procurements, the borrower/recipient shall inform IFAD about the protest. The borrower/recipient shall inform IFAD of any related Appeal filed to competent national authorities immediately upon becoming aware of such an appeal.

Annex 6: THE PROJECT PROCUREMENT STRATEGY (PPS)

a) Key project information

Key project information is shown in Table 1.

Table 1: Project overview

Country	Malawi
Full Project Name and Number:	SUSTAINABLE AGRICULTURE PRODUCTIVITY PROJECT PHASE II (SAPP II)
IFAD Loan / Grant amount (\$):	US\$53 million
Loan/Grant Number:	
Name of Procurement contract or group of similar contracts	<ul style="list-style-type: none"> (i) Works contracts: Construction/rehabilitation of farmer service centres, refurbishment of offices and partitioning, and establishment of seed banks. (ii) Goods contracts: Procurement of office furniture, IT equipment, vehicles, motor cycles, advertisement and communication materials, office supplies, agricultural equipment and inputs. (iii) Consulting services: consulting services for undertaking baseline surveys, SECAP studies, thematic studies, policy review and development of regulatory framework.
Estimated Contract Cost (\$)	3,522,900.00

SAPP II is a successor project to SAPP I. It will promote climate smart and nutrition sensitive production, suitable use of natural resources, and effective marketing through private sector engagement in order to

contribute towards wealth creation, and improve food and nutrition security among the rural population of Malawi.

The project will also target four districts located in Southern, Central and Northern regions of Malawi and within production corridors. SAPP II is expected to reach an estimated 80,000 smallholder households equivalent to 400,000 people.

SAPP II interventions will benefit approximately 80,000 rural households corresponding to 400,000 direct beneficiaries. About 50 percent female beneficiaries and 30 per cent youth beneficiaries will be targeted. Special consideration will also be given to women headed households, and Households with persons with disabilities.

The Project Development Objective (PDO) will be to commercialize and enhance the resilience and productivity of smallholder farming systems of rural men, women and youth in selected districts in Malawi by 2030.

b) Project components and cost

The Project is expected to have three (3) components all of which include procurement activities and will be implemented through the PMU with the support of the Ministry of Agriculture.

- Component 1: Increased smallholder productivity and climate resilience
- Component 2: Commercialisation of smallholder farming systems
- Component 3: Strengthened institutional capacity and knowledge management

Out of the overall project costs of US\$53.042 million, component 1; Increased smallholder productivity and climate resilience has been allocated US\$13.125 million; Component 2: Commercialisation of smallholder farming systems is allocated US\$31.25 million while component 3 will have US\$4 million. The balance amounting to US\$4.667 will cover project management costs.

c) Project duration

The Project will be implemented over a period seven (7) years through the Government Republic of Malawi. A Project Management Unit (PMU) will be established within the Ministry of Agriculture to manage and implement the day-to-day aspects of the Project.

I) Overview of Country, Borrower and Marketplace

a) Operational Context

Malawi is a land linked country situated in the Southern part of Africa. It's a country of about 484,000 Square Kilometers. The country shares borders with three neighboring countries. Malawi borders with Zambia to the west, Tanzania in the north and Mozambique in the east and south. The country only has a population of about 19.1 million people.

The agricultural potential of the country is much greater in the north and centre of the country which have a more suitable agro ecology and higher precipitation levels than in the southern region of the country which has poor weather conditions.

Governance Aspects

Malawi is a republic and a multiparty democracy with separation of powers between the Executive, Legislative and Judicial arms of government. Transparency International ranked Malawi at 26 out of 100 in the CPI rankings in 2022. The country has a medium to high risk of corruption. It was placed at position 110 out of 180 countries. The 2022 Ibrahim Index of African Governance (IIAG) ranked Malawi 18th out of 54 African countries, scoring higher than both the African average (48.9) and the regional average for Southern Africa (54.2). The Ibrahim Index of African Governance annually measures the quality of governance in 54 African countries by compiling statistical data from the previous year (<https://iiag.online/locations/mz.html>).

The country has a robust legal and institutional framework, guided by an independent procurement oversight body for policy and quality control.

Economic Aspects

The Gross Domestic Product per capita in Malawi was US\$645.2 in 2022 and the country had a GDP growth rate of 2.8 in 2021 and estimated at 0.9% in 2022. Many households have difficulties in accessing basic needs, especially access to food due to limited income. According to the Malawi Vulnerability Assessment Committee (MVAC), 3.8 million Malawians (roughly 20 percent of the country's population) will go hungry between November 2022 and March 2023^[1].

About 80% of the population is employed in the agricultural sector.

Sustainability Aspects

Malawi continues to rely on subsistence, rain fed agriculture, making it more vulnerable to weather shocks, and causing food and nutrition insecurity. The Government of Malawi has committed to addressing climate change and promoting resilience. As a result, it has a variety of strategies and policies in place to address the challenges of current climate variability, shocks, and future climate change. High-level strategies such as Malawi's Vision 2063 and the MGDS are examples of these.

The Project's known localized negative impacts on the environment will be minimized through implementation of proposed SECAP procedures and mitigation measures developed for the Project during design and by adherence to environmental regulations.

Technological Aspects

Malawi has Internet penetration of 24% (in 2021). The country does not have an end-to-end procurement system. Although the procurement regulations provide for its gradual introduction, e-procurement system not yet in use.

b) IA Capability Assessment

Experience

The implementing agency (IA) has experience in procuring and implementing projects funded by multilateral donor organizations, such as the WB, AfDB, and IFAD. The IA has successfully implemented the first phase of SAPP I and it is currently implementing other IFAD-funded projects such as TRADE, PRIDE and FARMSE. It is therefore familiar with IFAD procurement Guidelines and procedures.

The IA has adequate facilities, such as computers, internet connection, photocopy facilities, printers, etc., although the equipment is too old to adequately undertake the planned procurement. The IA has professionally qualified personnel who are certified in procurement.

Hands on support

The IA has adequate procurement capacity and no weaknesses were noted. The has a procurement staff complement of five fully qualified procurement experts. Hands on support will not be required. A

Procurement Specialist and a Procurement Assistant will be recruited to manage the envisaged procurement for the project. During the assessment of the IA capacity, it was noted that the IA staff lack experience in implementation of SECAP procedures.

The staff recruited for the PMU staff will require some IFAD Procurement training to familiarize themselves with provisions of IFAD's Procurement Guidelines, the use of the IFAD OPEN end-to-end project procurement system and the application of SECAP procedures.

IFAD will review procurement documents and provide timely feedback to the PMU.

Contract Management Capability and Capacity

Contract management challenges are expected as there are no contract management plans in place. However, the IA procurement staff have extensive experience in all categories of procurement. There are no major and complex works contracts planned for the project.

Complaints management and dispute resolution systems

The process for challenges and appeals is properly defined and Malawi has a functioning administrative complaints management and dispute resolution system. There is an independent complaints body for handling complaints and for resolution of disputes during tendering, contract management and any perceived unethical behaviour that may occur in the procurement process.

c) Market Analysis

Construction Works

Data from the National Construction Industry Council shows that Malawi has several and diverse enterprises involved in the building and construction sector. Majority of the building activity is undertaken by either local firms in association with South African firms or Chinese firms. The firms have adequate capacity to participate in the expected works packages for SAPP II.

ICT Equipment

There are several computer dealers and distributors in Malawi. Most of the IT equipment is imported from South Africa, India and China, UAE and UK. The suppliers are able to supply the projects IT requirements.

Furniture

The supply of furniture in Malawi is well-established and there are several suppliers of office furniture products.

Vehicles/Motor cycles

The new vehicle market in Malawi is pretty balanced and sufficient considering the size of the market. There are a number of dealerships in Malawi that sell international brands and different sizes of vehicles from sedans, pick up vehicles and buses. New vehicles are imported from South Africa.

Agricultural inputs

There are several major suppliers of agricultural inputs such as fertilizers (Export Trading, Paramount, Malawi fertilizer company, Optichem, Worldwide Ltd, Sealand Trading, Eneka Trading, Saeed Investments), certified seeds (Pindulani Seed company, Global Seeds, Multi-seed company (MUSECO), Demeter Seed company, SEEDCO, Bayer) and pesticides (ATC, Farmers Organization Ltd, Export Trading, Paramount Holdings).

Consulting services

The project does not involve a large number of consulting services. The contract values are also not high. The planned contracts include policy review and regulatory framework, preparation of guidelines and research protocols, undertaking a baseline survey, thematic and SECAP studies. Since the value of the assignments are not going to be high, it is expected that mostly these requirements will be met by the national market which has adequate number of experienced firms to fulfill the requirements. The contract for SECAP studies with a value slightly in excess of US\$200,000 may be the only one that qualify to be advertised internationally.

d) Financial

IFAD assesses the Borrower's financial management systems to determine whether they provide reasonable assurance that IFAD's resources will be used for their intended purposes. If so, then country systems are used to support the implementation of IFAD-funded operations. Moreover, the scope of IFAD's financial audit encompasses the sum of those expenditures necessary for the achievement of the project development objective or covered by the financing plan, not merely the part financed by the Fund.

e) Procurement Trends

The Malawi Public Procurement and Disposal Authority (PPDA) has embarked on an open contracting and open data system that focuses on making public procurement more transparent and accountable by publicising the contracts between the government and suppliers, while also providing citizens with more access to the contracts' data in a machine-readable format known as the Open Contracting and Data Standards (OCDS) which can help in making informed decisions. The OCDS is premised on the fact that the PDDA can prevent some of the expensive corruption and prosecutions as well as inefficiencies across the procurement value chain by deploying data standards that enable the PPDA to link various data from the budget, to procurement and ultimately to public services in a timely way.

Key conclusions of Market Analysis

The supply of agricultural equipment and inputs, and construction of farmer service centres are likely to represent a larger proportion of contractor's revenue and would likely motivate contractors to bid for the construction contracts. The Project should ensure adequate transparency in the bidding process. For works packages, the project should ensure that site availability, construction drawings and measurements are provided on a timely manner. Payments should be processed on time.

The market assessments demonstrate that enough domestic contractors, service providers, and or suppliers who capable of providing the required quantity and quality of works, services, or goods at reasonable costs and within the required time frame.

However, the assessment showed that majority of the suppliers were not knowledgeable on the IFAD procurement procedures and especially SECAP procedures. There is need for the IA and the IFAD-funded projects in Malawi to do sustained sensitization of the private sector regarding how they can access and successfully participate in procurement opportunities funded under the projects.

III) Procurement Risk Analysis for above-mentioned contract/group of similar contracts

The Project Procurement Risk Assessment identified the following risks which are summarized in the matrix below together with their mitigation actions with implications for the procurement strategies:

[1] [Malawi Overview: Development news, research, data | World Bank](#)

Table 2: Risk Register

Risk Description	Proposed Mitigation	Risk Owner
Poor Record Keeping	The PMU shall ensure that all records pertaining to the project are kept in one place and are filed in sequence for easy retrieval of documents.	IA
Weak Contract Monitoring and Management	IA and project procurement staff to enroll for Contract Management courses offered through BUILDPROC and other institutions to enhance their capacities managing contracts through training.	IA/IFAD
Limited knowledge on SECAP standards leads to non-inclusion of social, environmental and climatic requirements in the bidding and contract documents.	Offer orientation programme and regular clinics for IA and PMU procurement personnel.	IA/IFAD
Lack of knowledge amongst the local bidding community on the government of Malawi and IFAD procurement procedures and requirements	IAs to sensitize the bidding community to enhance their knowledge on various bidding documents requirements.	IA
Procurement process times are too long	Coordinate with Tender Committee closely. Ensure Bid Evaluation Report meets IFAD requirements prior to submitting (consult IFAD, if necessary).	IA, IFAD
Poor design quality or design errors produces poor outcomes for civil works	Select designers on the basis of experience and qualifications and require a design schedule to be submitted as part of the bid response.	IA

IV) Procurement Objective for abovementioned contract/group of similar contracts

The procurement objectives of the project are to:

- a) ensure that funds are used for the intended purpose;

- b) achieve value for money in implementation of all approved procurement;
- c) deliver quality services within time and budget;
- d) address and meet business needs and expectations of internal and external stakeholders; and
- e) manage risks in the procurement process.

Options Analysis

The procurement strategy options were assessed using three criteria, Feasibility for implementation, Suitability to support the project objectives, and Acceptability by the implementing agency using a rating scale of 1 to 10. The ratings were selected by the project team for implementation

Table 3: Strategic options

Strategic Options Description		Feasibility (1–10)	Suitability (1–10)	Acceptability (1–10)	Overall (3–30)	Comment
Procurement Strategy Options	Rationale	Construction and rehabilitation works				
One package with multiple lots and open competitive bidding	Accommodates national and international suppliers. Consolidates packages.	8	7	9	24	The Project will not carry out minor works
SECAP performance standards	Include SECAP procedures in specifications, bidders qualifications, evaluation criteria and contract clauses	6	7	8	21	The Project will not carry out minor works

Weighted and scored evaluation criteria in place of pass/fail.	Avoids elimination of national contractors due to not meeting qualification criteria. Enables a value-for-money comparison of bids. Helps to address abnormally low bids by enabling quality to be rated. In line with Supply Positioning analysis categorization of this package as "Strategic Critical" and corresponding procurement strategies	8	8	8	24	The Project will not carry out minor works
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Qualification of subcontractors at bid stage	Addresses risk of non-performance by international contractors subcontracting the work to local contractors. Evaluation as a weighted and scored criterion enables this to be used as a means of comparison of bids, rather than pass/fail.	9	9	9	27	The Project will not carry out minor works The Project will not carry out minor works
Require clauses in subcontracts	Ensures that subcontractor risks are addressed via the main contract and subcontract investigations can be conducted as required	9	9	9	27	
Contract management	Essential to monitor quality through contract implementation.	9	9	9	27	The Project will not carry out minor works

Bidding Procedure	Familiar to PMU, easy for evaluation and time saving	9	9	9	27	Acceptable to IA
Single-Stage: One-Envelope (1S1E)						

Vehicles, Motor Cycles packages, agricultural equipment and Inputs

Strategic Options Description		Feasibility (1–10)	Suitability (1–10)	Acceptability (1–10)	Overall (3–30)	Comment
Procurement Strategy Options	Rationale					
One package with multiple lots and Open competitive bidding	Accommodates national and international suppliers.	9	9	9	27	Acceptable to IA
Use of conformance-based specifications	Ensure simple and faster evaluation	9	9	9	27	Acceptable to IA
SECAP performance standards	Include SECAP procedures in specifications, bidders qualifications, evaluation criteria and contract clauses	9	9	9	27	Acceptable to IA

Bidding Procedure Single-Stage: One- Envelope (1S1E)	Familiar to PMU, easy for evaluation and time saving	9	9	9	27	Acceptable to IA
Furniture, Office equipment and other goods packages						
Open competitive bidding/ Shopping	Given value of package and risk, conduct open competitive bidding and award to lowest cost bid that conforms to specification. Alternatively, could specify requirements in RFQ document	9	9	9	27	Acceptable to IA
Separate packages (including lots in case of office equipment)	Similarity of the items in the package and manufacturer's product range considered	9	9	9	27	Acceptable to IA
Discounts for multiple lots	Leverages scale and volume discounts	8	8	8	24	Acceptable to IA
Consulting Packages						

QCBS, QBS, QCS, LCS, ICS as appropriate for each package	Match method to levels of risk, value and complexity	9	9	9	27	Acceptable to IA
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V) Recommended Procurement Approach for the Project Procurement Approach

Procurement strategies selected by the project team, are shown in the tables below.

Procurement Strategy Selection for Works Packages

The following options will be used:

Table 4: Procurement strategies for works

Procurement Strategy Option	Refurbishment & Partitioning of offices (minor works)	Farmer service centres
Separate design and construction packages	x	x
Selection Method: Request for bids	x	x
Subcontractors evaluation		x
Clauses required to be included in subcontracts		x
Experience qualification allows similar related works	x	x

Contract management including inspection of equipment	x	x
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Procurement Strategy Selection for goods, consulting and non-consulting services Packages

Table 5: Procurement strategies for Goods, Consulting and Non-Consulting Services

Requirement	Procurement Strategy
Vehicles, Motor cycles, agricultural, equipment/inputs, establishment of seed banks	Specify minimum requirements.
	Use conformance based specifications
	Open competitive bid with lowest evaluated substantially responsive bid
	Bidding Procedure Single-Stage: One-Envelope (1S1E)
Furniture, Computer Equipment (desktops, printers, laptops), stationery, office supplies and consumables	Use conformance based specifications
	One package (with multiple lots where applicable) and specify minimum requirements for the package/lots.
	RFQ document with lowest evaluated substantially responsive bid.
Consulting	QCBS, CQS, LCS, ICS as appropriate for each package

Procurement Methods

The procurement method to be used for all goods, works and non-consulting packages is Open Competitive Bidding (OCB) and advertisement will be either local or International depending on the value and corresponding threshold. In all cases supply markets exist with a sufficient number of suppliers who would be sufficiently attracted to the packages. For lower risk goods and non-consulting services packages, Request for Quotation method can be used.

Under the Project, the contract for supply of equipment and inputs for an estimated cost of US\$ 1,625,000 has been identified as the only big ticket contract due to its high value. The Request for Bids will be advertised internationally and will use open international bidding procedures.

There are only two Works contracts. Both the contract for construction/rehabilitation of Farmer Service Centres for US\$100,000 and for office refurbishment and partition estimated to cost US\$9,000 will be carried out using National Shopping procedures. The Request for bids will be advertised nationally.

For goods and goods-related non consulting services packages, Request for Bids using CB procedures will be advertised for two more contracts, for the supply of vehicles for US\$420,000; and for supply of inputs for the 2025 crop season for US\$266,000. The procurement of radio and SMS service enhancement will be the only contract under NCB procedures.

Apart from the above contracts, the other goods and goods-related non-consulting services packages of the Project are of relatively small value and the local market is considered able to respond to the demand using National Shopping procedures.

For the selection of consulting services, the Quality and Cost Based Selection (QCBS) method will be used to procure two contracts for: (i) consultancy to undertake a baseline survey for US\$115,000; and (ii) consultancy to undertake SECAP studies for US\$153,000.

The CQS method will be used for recruiting consultants to (i) undertake thematic studies for US\$80,000; (ii) develop knowledge management products for US\$60,000; and (iv) to carry out policy review and prepare a regulatory framework.

The Project will have other several specialized activities that will not require a team and will be processed through the Individual Consultant Selection (ICS) method. External Audit services estimated at a cost of US\$9,000 will be procured using the LCS method.

The procurement of operating activities including seminars, workshops, meetings, communications, vehicle operation costs and travel shall be carried out using Government of the Malawi procedures.

Prequalification

Prequalification will not be used for any of the goods and works packages.

Bidding Procedures

All Goods, works and non-consulting services packages will use Single-Stage, One-Envelope (1S1E) bidding procedure while the bidding procedure for consulting packages will be 2S2E, except for the selection of individual consultants and the external auditor.

Standard Bidding Documents and Contract Forms

All packages will use the Government of Malawi standard bidding documents except for ICB which will use the IFAD bidding template and forms.

Contract Management Approach

The construction/rehabilitation of farmer service centres and refurbishment of offices and partitioning will follow technical specifications provided by designs, including the measures for mitigation of environmental, social and climate risks contained in the ESIA. The construction process will adjust and align with any unforeseen situation, after discussion with the design engineers. Due to the low value of the Works packages, it will not be necessary to engage a construction manager. An officer from the Buildings department of the Ministry of Works with the required expertise shall be assigned to monitor and manage the Works packages to ensure the risk to quality through nonperformance is mitigated.

All goods and non-consulting contracts will be monitored to ensure that contract deliverables are fully received and that there are no outstanding claims for missing or damaged items against the supplier or service provider.

Procurement Approach for big ticket contracts

Table 6. Procurement of equipment/inputs (\$1,625,000).

Attribute	Selected arrangement	Justification Summary/Logic
Specifications (SECAP compliance)	Conformance	Ensure simple and faster evaluation.
Sustainability Requirements	No	Minimal environmental footprint.
Contract Type	traditional	Clarity about precise requirements and how much the items will likely to cost.
Pricing and costing mechanism	Lump sum	Requirement can be well defined.
Supplier Relationship	Adversarial	A one off requirement
Price Adjustments	None, fixed	Cost estimation with accuracy.
Form of Contract (Terms and Conditions)	Special conditions of contract Contract documents; contract price; payment; correcting defective work; anticorruption and other prohibited practices; Liquidated damages; dispute resolution. Termination	Stipulates and allocates risks and obligations clear manner to ensure they are well understood, and that contractual provisions for resolving any issues that may arise are well settled understood.
Selection Method	Requests for Bids (RFB)	Most relevant and applicable method.
Selection Arrangement	Commercial Practices	Promote efficiency and value for money.

Market Approach	A. Type of Competition 1. Open B. Number of Envelopes /Stages 1. Single Envelope C. Negotiations (Yes)	Encourages many contractors to participate including foreign firms.
Pre / Post Qualification	Post-Qualification	Facilitates quick issuance of tenders; avoid delay in the initial issue of tenders.
Consultant Selection & Evaluation Method	N/A	N/A
Evaluation of Costs	Adjusted Bid Price (corrected for bidder's minor deviations)	To correct any errors in bids.
• Domestic Preference	No	Use of preferences will discriminate against foreign firm in NCB procedures.
• Rated Criteria	Criteria to be used (mandatory/desired): Adherence to specifications; Bidder's qualifications and capacity and history of previous work of a similar nature; timeliness/delivery.	establishes a clear evaluation and selection process; ensures the process is fair, open and transparent.

Review by IFAD of procurement decisions

The table below indicates the initial values for prior review by IFAD. All activities estimated to cost below these amounts shall be subject to post review.

Table 7: Procurement & Related Thresholds and Prior Review Thresholds for the project in US\$

Expenditure Category	Contract Value Threshold (USD)	Procurement/ Selection Method	Prior Review Thresholds
Works	≥1,000,000	ICB, Domestic preference allowed.	≥ 250,000
	< 1,000,000	NCB	
	≤ 400,000	Shopping	
	For values indicated in the PAL and in the PP with due justification	Direct Contracting	
Goods	≥ 250,000	ICB, Domestic preference allowed.	≥ 100,000
	< 250,000	NCB	
	≤ 150,000	Shopping	
	For values indicated in the PAL and in the PP with due justification	Direct Contracting	
Consulting Services and non-consulting services	≤ 100,000	CQS and ICS	≥ 80,000
	< 200,000	LCS and FBS	

	$\geq 200,000$	QCBS	
	$\geq 100,000$	Shortlisting	
	For values indicated in the PAL and in the PP with due justification	SSS	

Supervision Plan

In addition to prior review supervision, IFAD will undertake twice yearly supervision and implementation support missions to review project implementation status and provide technical support and quality assurance of the assessment. The supervision missions will:

- (i) verify that the procurement and contracting procedures and processes followed for the projects were in accordance with the Financing Agreement and the Procurement Arrangements Letter;
- (ii) verify technical compliance, physical completion and price competitiveness of each contract in the selected representative sample;
- (iii) review and comment on contract administration and management issues as dealt with by the PMU;
- (iv) review capacity of the PMU in handling procurement; and
- (v) identify improvements in the procurement process in the light of any identified deficiencies.

IFAD will also closely monitor the project through reports and a project mid-term review.

Annual financial audits will be conducted and financed by the Fund. A project completion report will be prepared to evaluate progress against outputs and outcomes and draw lessons for possible follow-up operation.

Capacity Building for implementing agency.

Both the staff of the Implementing Agency (IA) and the PMU staff will need induction training on applicable rules and regulations, guidelines, and procedures in order to:

- i) get acquainted with the procurement guidelines, procedures and processes; and

- ii) get a clear understanding of the role that procurement will play in prior to project start up and during project implementation; and
- iii) ensure close coordination of effort of all participants.

There will be a further need for an extensive training Programme for IA and PMU staff to build and strengthen the PMU Capacity to address the following areas identified during the assessment of implementing agency capacity needs:

- i) IFAD Procurement guidelines and Handbook (including the Procurement Arrangements Letter)
- ii) Use of the OPEN system
- iii) Procurement planning including development of the Procurement Planning Strategy, contract packaging, selection of procurement methods, thresholds, and prior review (including prior review documentation).
- iv) Bidding process and contract award procedures
- v) Contract management and use of the contract monitoring tool
- vi) SECAP performance standards
- vii) Record keeping and information management

VI) Responsibility Matrix for development of the PPS (Stage I of the project's design phase)

Table 8: Matrix for the preparation of the procurement part of IFAD's PDR

SPO	IFAD Proc. Specialist/ consultant	CD or CPM	OPR	National Stakeholder s	ESS Specialist/s	IA of Beneficiary Government
A	R	C	C	C and I	C	C and I

Where: **A** stands for oversight / approval and accountability for finalization of the PDR for DRM submission

R stands for responsibility to conduct the task

C stands for the need to consult with this party

I stands for the party being informed about the conduct and result of the project's procurement design tasks.

V) Lessons Learned and challenges from previous projects implemented

Procurement action should be started as early as possible and the Project should ensure adequate transparency in the bidding process. Information should be provided to bidders during bid preparation stage to increase bidders' confidence in fair treatment and timely decision-making process, increasing the attractiveness of participating in the Bid. Site availability and construction drawings should be provided in a timely manner. Measurements and payments should be timely.

For future projects, the Government must negotiate and adopt, jointly with the financiers, mechanisms that allow covering expenses in full, including VAT and other taxes, to guarantee the implementation of the activities without interruption and the sustainability of the contractors and other service providers.

The completion of works started and not completed due to insufficient funds, continuity of institutional presence in the field (assistance and monitoring of beneficiaries of project interventions), given their high level of impact, must be followed up immediately, integrated into new projects, or through the State Budget.

The SECAP assessment flagged, through the SECAP environmental and social screening checklist, the issues in the table below that need to be mitigated through procurement. In case the procurement officer has ambiguity as to the guidance provided by the ES specialist in the Results Table, then the Procurement Officer will need to collaborate with the ES specialist and relevant members of the Project Delivery Team in order to reach an agreement as to how these ES issues can be dealt with best through procurement mitigation measures that the Borrower must be required to put in place with respect to procurement parameters like technical specifications, bidder qualifications, bid evaluation criteria and in contract clauses.

The SECAP risks relevant to procurement are highlighted under the following categories:

- SECAP Standard 1: Biodiversity conservation
- SECAP Standard 2: Resource efficiency and pollution prevention
- SECAP Standard 3: Labour and working conditions
- SECAP Standard 4: Community health and safety

Table 9:SECAP mitigating measures

Environmental and Social Safeguards				
Biodiversity Conservation	Risk Rating	Consequence	Guidance for SPO	Mitigation Measures
1.6 Could the project potentially involve or lead to introduction or utilization of any invasive alien species of flora and fauna, whether accidental or intentional?	Moderate	Minor Low potential for invasive species of flora or fauna to be introduced, but strict controls are in place, and the probability of invasion is therefore low	Purchase and distribute pre-approved seeds/seedlings only and assess their invasive potential in the specific area of intervention prior to distribution (particularly relevant in research for new varieties and in potential afforestation activities.	Bidding documents will prescribe compliance with national environmental laws supplemented by SECAP Standard 2 requirements as relevant. This is informed by the project's overall ESCMF as prepared by the borrower and accepted by IFAD. Use of IFAD non-FIDIC bidding document for ICB contracts under US\$5 million OR borrower's national bidding documents (supplemented by SECAP standards), as prescribed in IFAD manual & procedures of the IFAD Procurement Handbook. The supplementary SECAP requirements will be in the form of an annex to the particular conditions of contract and/or higher bidder qualifications, as relevant.
Resource Efficiency and Pollution Prevention	Risk Rating	Consequence	Guidance for SPO	Mitigation Measures
2.1 Could the project involve or lead to the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	Low	Minor Pollutants may possibly be released, either routinely or by accident, but treatment systems are proven and verified. Receiving environment has absorptive capacity.	The use of fertilizers and pesticides could lead to pollution of groundwater and surface water. The specifications of fertilizers and pesticides contracted by the PMU will be required to operate in line with the specifications in SECAP VOL 1 Annex 4 which specifies a need for environmental friendly safeguard standards, e.g. use of eco-labelled products that minimizes hazardous substances/emissions. Qualification criteria will include experience in handling similar items by suppliers. List/ make reference to all approved	Bidding documents will prescribe national environmental laws. Use of IFAD non-FIDIC bidding document for ICB contracts under US\$5 million OR borrower's national bidding documents (supplemented by SECAP standards), as prescribed in IFAD Procurement Manual & procedures of IFAD Handbook. The supplementary SECAP requirements will be in the form of an annex to the particular conditions of contract and/or higher bidder qualifications, as relevant

			chemicals in tender documents.	
2.4 Could the project involve or lead to significant consumption of raw materials, energy, and/or water?	Moderate	<p>Minor</p> <p>The project will require consumption of raw materials, energy, and/or water, but this will be a small component of the project, and impacts can be appropriately managed.</p>	<p>Technical training to be provided: ensuring that tree nurseries will need to be grown in a sustainable manner including safe use of fertilizers, chemicals, safe disposal of plastics.</p> <p>Contract clause and bidding documents to include safeguard measures: measures or criteria to ensure tree seedlings are only adapted varieties, and with no risk of invasiveness, pests or diseases. Transportation of seedlings to be arranged to minimize risk of pests and diseases</p> <p>Use of water should always be accompanied with an impact assessment on the sustainable availability/potential of water in the area. Specification to include efficient utilization as applicable.</p> <p>Tender documents and tendering process should prioritize providers using renewable energy sources</p>	<p>Specifications in the bidding documents for work will consider ambient conditions and require use of technically and financially feasible resource efficiency and pollution prevention measures.</p> <p>Bidding documents: will prioritize energy saving solutions and prescribe compliance with national environmental laws supplemented by SECAP Standard 2 requirements as relevant. This is informed by the project's overall ESCMF as prepared by the borrower and accepted by IFAD.</p> <p>Bid evaluation: Bidders proposing renewal and/or energy saving solutions will receive more technical merit points in bid evaluation.</p> <p>Use of IFAD non-FIDIC bidding document for ICB contracts under US\$5 million OR</p> <p>borrower's national bidding documents (supplemented by SECAP standards), as prescribed in IFAD manual & procedures of the IFAD Procurement Handbook. The supplementary SECAP requirements will be in the form of an annex to the particular conditions of contract and/or higher bidder qualifications, as relevant.</p>

2.6 Could the project involve inputs of fertilizers and other modifying agents?	Moderate	Minor The project only requires minimal amounts of fertilizer	Specifications for fertilizers to be eco-friendly and not harmful to the environment in line with SECAP standard 2. List/ make reference to all approved chemicals in tender documents Preference in tender process should be given to bio/organic fertilizers Contract documents to promote safe fertilizer use by ensuring that the correct investments and capacity-building activities for the selection, distribution, storage, application and disposal of fertilizers are included	Specifications: to prescribe eco-friendly fertilizers and chemicals as a minimum. Bidding documents will prescribe compliance with national environmental laws supplemented by SECAP Standard 2 requirements as relevant. This is informed by the project's overall ESCMF as prepared by the borrower and accepted by IFAD. Use of IFAD non-FIDIC bidding document for ICB contracts under US\$5 million OR borrower's national bidding documents (supplemented by SECAP standards), as prescribed in IFAD manual & procedures of the IFAD Procurement Handbook. The supplementary SECAP requirements will be in the form of an annex to the particular conditions of contract and/or higher bidder qualifications, as relevant. Bid evaluation: will prescribe a merit point system for bidders who propose bio/organic fertilizers. Contract conditions: to include measures for safe fertilizer use.
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2.7 Could the project involve or lead to procurement, supply and/or result in the use of pesticides on crops, livestock, aquaculture or forestry?	Moderate	Minor The project only requires minimal amounts of pesticide.	Include in the technical specifications that the project will only use approved pesticides and respect WHO-FAO codes for safe labelling, packaging, handling, storage, application and disposals of pesticides. Refer to the list of approved pesticides in the tender documents. The project will not supply or procure pesticides that contain active ingredients that are banned or restricted under applicable international treaties and agreements, or meet the criteria of carcinogenicity, mutagenicity or reproductive toxicity as set forth by relevant international agencies. Implementation of Pest Management Plan – to be included in contract documents
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2.9 Could the project involve livestock – extensive and intensive systems and animal products (dairy, skins, meat, etc.)?	Moderate	Minor The project involves livestock or fisheries, but not in extensive or intensive systems.	Prioritize suppliers of inputs who uphold sustainability standards in bidding documents. Where possible, contract documents to encourage the delivery of capacity-building activities or guidance material for safe and sustainable management of feed, health, breeding, etc. alongside input supply	Bidding documents will prescribe compliance with national environmental laws supplemented by SECAP Standard 2 requirements as relevant. This is informed by the project's overall ESCMF as prepared by the borrower and accepted by IFAD. Use of IFAD non-FIDIC bidding document for ICB contracts under US\$5 million OR borrower's national bidding documents (supplemented by SECAP standards), as prescribed in IFAD manual & procedures of the IFAD Procurement Handbook. The supplementary SECAP requirements will be in the form of an annex to the particular conditions of contract and/or higher bidder qualifications, as relevant. Contract conditions: to include training clauses on the safe use of inputs
Labour and Working Conditions	Risk Rating	Consequence	Guidance for SPO	Mitigation Measures
5.3 Could the project involve children (a) below the nationally defined minimum employment age (usually 15 years old) or (b) above the nationally-defined minimum employment age but below the age of 18 in supported activities or in value chains?	Moderate	Minor The project does not operate in sectors or value chains where the employment of children has ever been reported.	Contract clauses to include compliance with International Labour Laws for prohibition of child labour by referring to the ILO core labour standards (no child or forced labour; equal opportunity, nondiscrimination and freedom of association) as well as available National Labour Laws. Ensure that the main contractor imposes identical labour working conditions on its subcontractors and other suppliers if relevant	Bidders Qualifications: No previous convictions for infringement of labour laws for all project risk classifications. Bidding documents: will require compliance with national labour laws, supplemented by SECAP Standard 5. This is informed by the overall project ESCMF, as prepared by the borrower and accepted by IFAD. Contract conditions: Respect ILO core labour standards (no child or forced labour; equal opportunity, nondiscrimination and freedom of association).

5.4 Could the project: (a) operate in a sector, area or value chain where producers and other agricultural workers are typically exposed to significant occupational and safety risks, and/or (b) promote or use technologies or practices that pose occupational safety and health (OSH) risks for farmers, other rural workers or rural populations in general? (Note: OSH risks in agriculture might include: dangerous machinery and tools; hazardous chemicals; toxic or allergenic agents; carcinogenic substances or agents; parasitic diseases; transmissible animal diseases; confined spaces; ergonomic hazards; extreme temperatures; and contact with dangerous and poisonous animals, reptiles and insects. Psychosocial hazards might include violence and harassment.)	Moderate	Moderate The project operates in a sector, area, or value chain where workers are occasionally exposed to significant OSH risks, and where regulation is known to be weak or nonexistent.	WHO-FAO codes for safe labelling, packaging, handling, storage, application and disposals of pesticides to be included in the tender documents for the procurement of pesticides. Provisions on OSH to be included in qualification and contract condition as relevant.	<p>Technical specification: Feasibility of prescribing safe labelled products.</p> <p>Bidder qualifications: Previous work experience in similar environments</p> <p>Bid evaluation: Higher-quality contractor HSMPs will receive more technical merit points in bid evaluation.</p> <p>Contract conditions:</p> <ul style="list-style-type: none"> -Requirement for contractor HSMP; -Contract conditions to include conditions to ensure a healthy and safe work environment and safe systems of work for site workers and the community.
Community Health, Safety and Security	Risk Rating	Consequence	Guidance for SPO	Mitigation Measures
6.7 Could the project lead to the potential for gender-based violence, including sexual harassment, exploitation and abuse, as a result of labour influx, land redistribution, or other actions that alter community dynamics?	Moderate	Minor Minor changes to community dynamics. Resulting serious recorded cases of gender-based violence and/or sexual exploitation. Gender-based violence protocols in place.	IFAD Policy to preventing and responding to sexual harassment, sexual exploitation and abuse and mandatory references to safe policies will be included in the bidding documents and contracts entered into. In the event of any major works the contractor will be expected to have an expert on GBV.	<p>Bidding Documents Will include IFAD Policy to preventing and responding to sexual harassment, sexual exploitation and abuse (SH/EA) and mandatory references to safe policies</p> <p>Contract Conditions:</p> <ul style="list-style-type: none"> — Contract to include SH/EA clause; Gender-based violence, sexual harassment and sexual exploitation and abuse will lead to an employee's termination of contract under the contractor's code of conduct; — Influx of workers from outside project area limited to the minimum necessary; — Periodic reporting of infringements. — Contractor's staff code of conduct.

III.3 Monitoring & Evaluation, Knowledge Management and Communication

III.3.1 Monitoring and Evaluation

III.3.1.1 M&E system

SAPP II will develop a robust M&E system in line with the NAIP framework and IFAD requirement. A thorough review of the existing system will be undertaken at the start of programme implementation. The aim of the M&E System is to inform Programme stakeholders of all the concepts, tools, and processes that will be used by the Programme M&E functions. The overall system will define what needs to be measured (IFAD COIs and Programme level indicators) and produced for key decision-making. The system will also capture data and provide feedback on effectiveness, i.e. the Programme being implemented according to the PDR and the achievement of objective indicators; efficiency - how are the inputs being converted to results and relevance -programme consistent with beneficiaries' needs and priorities).

The M&E system will generate required information on time to support management decision making. Specifically, the system will: (i) Collect, analyze, update and store information on programme activities, outputs, outcomes and impacts; (ii) assist the PIU, Programme Technical Committee and Programme Steering Committee in planning and making informed decisions on SAPP II strategies and actions (iii) sustain and enhance strategic partnerships with stakeholders; and (iv) create opportunities for learning and sharing results. The system will be guided by four main documents:

- a) The Theory of Change (ToC), which provides a complete description and illustration of how and why the desired changes are expected to happen in the context of rural farmers in Malawi.
- b) The Log frame (LF) which provides an overview of the programme goal, outcomes and outputs and facilitate tracking progress against expected results on a selection of key indicators
- c) The Result Framework (RF), which lays out all indicators to be collected by the programme M&E system, including those not presented in the Log Frame.
- d) The Annual Workplans and Budgets (AWPBs) which sets management priority for the financial year. It is an instrument used to control costs, review performance and assess the achievement of targets each year.

These four documents are closely connected to each other. The planned activities in the AWPBs should lead to the achievement of programme outputs listed in the LF and the RF. For proper alignment of the LF and the yearly AWPBs, the PIU will set annual targets for output indicators in the LF, and these annual output targets will guide the development of the AWPBs. The achievement of LF results will show whether the Programme's ToC is correct. If for example the achievement of the expected outputs does not lead to the desired outcomes, then the ToC underlying the Programme design may not be correct or some important elements were missed. In this regard, the M&E system will help inform the necessary changes at specified windows for programme reviews.

The Quarterly and Annual reviews will focus on assessing the achievement of physical and financial targets as set in the AWPBs each year. IFAD supervision reports will focus both on the execution of AWPBs and on the achievement of LF/RF outputs and outcomes. Based on LF results, the Mid-Term Review and the Project Completion Report will also assess the correctness of the Theory of Change.

III.3.1.2 M&E Plan

The M&E system will be operationalized with the development of a thorough M&E plan that will define these operational details throughout the Programme document and will serve as a living document to guide the core M&E functionality of planning, tracking and assessing results. The M&E plan will include, but not limited to the following: (i) a description of the M&E approach; (ii) thorough details of the processes and activities to be implemented; (iii) the tools to be used for data collection and processing, (iv) the deliverables to be produced and, (v) the responsibilities for each involved stakeholder and (v) the timelines for each particular milestone. The system will follow the participatory and gender sensitive approach. Data will be disaggregated by gender, by age, and – where possible – by Persons with Disability (PWD).

SAPP II will collect the views and opinions of the target group through regular Focus Group Discussions (FGD) carried out during supervisions, as well as through quantitative and qualitative information. Moreover, it will provide the necessary data collection forms, report templates, the progress report outline, survey terms of reference (ToRs) and questionnaires.

III.3.1.3 Management Information System (MIS)

There will be two different Management Information Systems (MIS):

- SAPP II will adopt the MIS developed under SAPP. The MIS will be reviewed so as to ensure that the system is aligned to the data requirement of SAPP II. The MIS will facilitate the storage, analysis, and presentation of data;
- The National Agriculture Management Information System (NAMIS) currently used by the Ministry of Agriculture.

During the first year of implementation, data will be collected using a predesigned excel template and uploaded into the NAMIS. In year 1, the Programme will produce Standard reporting template in conformity with the NAMIS platform. The Programme will finance the review and improvement of NAMIS to ensure that the data requirements of the programme are met. This will be done through a consultant to be hired by the PIU, in agreement with the relevant M&E staff. The consultant should be hired in the first Project year and should work in close collaboration with the M&E staff. The SAPP II MIS will include a registry of all beneficiaries with a unique identification number, which will be their national ID. This will facilitate comparability and transfer of data between the Project's MIS and the Ministry's databases.

III.3.1.4 Reporting on activities and outputs

Activities and output monitoring will concentrate on the financial and physical outputs of Project activities. Data on activities and outputs will be collected on a regular basis either directly by the PIU or by implementing partners. All contracts and MoUs signed by the PIU will include details on implementing partners' data collection responsibilities. District councils and Departments will share data directly with the PIU M&E officer. Extension Officers (AEDOs) will collect data at section level using specified templates and submitted to AEDC for EPA level consolidation and onward submissions to the M&E Officer at District Council. Once validated by Ministry staff at district level, data will be submitted to the PIU M&E officer, who will be responsible for uploading it into the Ministry's Management Information System (NAMIS) and then transferred to Programme's own Management Information System (MIS).

III.3.1.5 Outcome and impact monitoring assessment

Outcome monitoring will assess the use of outputs and measure their benefits at beneficiary level. Impact assessment will strive to measure the long-term effects of SAPP II interventions on beneficiaries, their community in general and the environment. More specifically, a dedicated business performance monitoring system will be developed and used to track the performance of the FCF, including the supported farmer enterprises. This will be part of the TORs for the FCF Fund Manager.

Data on outcomes and impact will be collected through a set of three surveys (baseline, mid-line, endline) conducted in the first, third, and last year of Programme implementation, respectively. The baseline, mid-line and endline surveys will be conducted in accordance with the IFAD guidelines for the measurement of Core Indicators at Outcome level (the so-called COI guidelines). The guidelines will be provided by IFAD, which will also offer support in ensuring that the surveys are carried out respecting the quality standards set out in the guidelines. The COI surveys are relatively large surveys, with a sample size of 750 beneficiary households and 750 control group households).

Apart from the Core Indicators, the surveys will also capture outcome indicators which are programme specific. The three surveys will use a panel structure, meaning that where possible, the same sample should be used for the three surveys. The questionnaire for the Core Indicator will be contextualized based on the questions developed for the Core Indicators. The baseline survey will provide a benchmark against which to measure future progress, as well as important information on target communities to refine the targeting strategy. The mid-line survey will precede the Mid-Term Review (MTR) - which will be carried out in year 3 of programme implementation - and will provide key information on what is working and what is not. The end-line survey will precede the Programme Completion mission and provide key data on results that will feed into the Programme Completion Report (PCR). Qualitative studies will deepen the understanding of quantitative data and will be conducted jointly by the M&E and KM functions.

Considering the long duration of the Programme and the consequently long timespan between the mid-line and the end-line surveys, two Annual Outcome Surveys will be carried out in years 4 and 5 of programme implementation. These are short surveys that can be implemented by the Programme Team as a quick way to obtain information on progress towards outcomes. They can be done on a smaller sample than the COI surveys (200 households), and with a short questionnaire. IFAD could provide assistance for the Annual Outcome Surveys. The PCR, led by IFAD, will be prepared in the six months between Project completion and Project closure. The M&E data collected over the Programme implementation period, and in particular the three outcome surveys, will be used to assess the changes in the livelihoods of the target groups, and for sharing of lessons learned and good practices. The Programme completion process will include reflection workshops where stakeholders will have the opportunity to evaluate the performance of the Programme, identify success factors and areas of further interventions and discuss the way forward for sustainability.

III.3.1.6 M&E responsibilities

Data collection, verification and use will be a joint task by all Project stakeholders. The primary responsibility will lie with the M&E unit within the PIU, which will be staffed with a dedicated M&E officer, an assistant M&E Officer and a KM officer.

The Knowledge Management officer will assist to ensure that indicators are translated into useful information and timely disseminated to support the MoA M&E staff. The District Agriculture Office will identify a member of staff who will carry out the roles of district M&E officer.

III.3.1.7 Key deliverables

Key deliverables which will be the primary responsibility of the M&E Unit are as follows:

- AWPB preparation and monitoring
- COI survey reports (baseline, mid-line, end-line)
- LF with updated results
- Quarterly, semi-annual and annual reports

Deliverables to which the M&E unit will provide its contribution include:

- Management reports
- Supervision reports
- MTR report

III.3.1.8 Project Completion Review

Throughout the Project lifetime, the M&E Officer will be able to access technical advice and backstopping services from IFAD. Support may be needed at certain times during the Project period, for example when a draft mid-term survey report must be reviewed. Provisions are made in the cost tables for on-demand support on M&E.

Project indicators; The Project will collect data on three main types of indicators:

- i) **LF Core Indicators:** these are standardized indicators that appear in all IFAD supported Projects and can be aggregated across Projects. Core Indicators are integrated in the SAPP II LF and can be recognized by the fact that they are preceded by numbers (e.g. CI 2.2.1 Beneficiaries with new jobs/employment opportunities). These indicators can be at output and at outcome level.
- ii) **LF Project specific indicators:** these are key indicators that appear in the LF and are specific to SAPP II and thus not aggregated at IFAD level across different Projects (e.g. Reduction in emission intensity). These indicators can be at output and at outcome level.
- iii) **Operational indicators:** These are indicators that do not appear in the LF but which the Project will still collect and store in the MIS because they are useful for monitoring and managing the Project. Operational indicators are presented in the RF.

III.3.1.9 The M&E Steps

Before start-up: as soon as the FIPS becomes available, the MLF will be responsible for:

- Ensuring that monitoring of the first AWPB gets underway
- Procuring a firm to carry out the baseline survey (ToRs are provided in appendix X)
- Review the existing MIS for and if necessary, procure a firm or a consultant to assist in the customisation of the MIS

After start-up: the SAPP II M&E unit, with the support of international TA, will undergo 5 key steps to set up a solid M&E system:

Step 1: Prepare the M&E manual

On the basis of this section of the PIM, prepare an M&E manual which will define – indicator by indicator - when, where, how and who will be responsible for data collection. In particular, the M&E manual will provide further details on:

- The objectives of M&E
- Roles and responsibilities of different actors
- Data collection methods
- Data flow and how the data will be stored
- Frequency of reports

Step 2: Prepare an M&E plan:

Based on the M&E manual, prepare an M&E plan that covers the whole lifetime of the Programme, listing all M&E activities with timelines and budgets. The M&E manual outline should have the following sections:

- Introduction
- Programme background: programme summary (programme goal, objectives, and expected outcomes, programme outcomes and main activities, implementation period, programme financing), target strategy (programme area, target groups, outreach), ToC and LogFrame;
- Purpose and scope of the M&E system: guiding principles (results-based management, participatory approach, geographic information system, M&E for decision-making and alignment with the national system), M&E steps (planning, monitoring, evaluation, knowledge management);
- Role and responsibilities: roles of stakeholders involved in M&E, flow of information
- M&E budget and activities: budget and resources, M&E activities and workplan;
- Tools: MIS, data collection formats;
- Project reports and deliverables

Step 3: Strengthen relevant country M&E systems

- Purchase necessary software, packages and equipment necessary for the M&E work
- If necessary, hire a TA to work in collaboration with the M&E staff to digitize and revise – where necessary – the data reporting formats. When doing this, ensure that the reporting formats include all necessary data for SAPP II.

Step 4: Prepare data collection tools

- Develop standard reporting formats for all Programme activities and outputs
- Include requirements on data collection in the contracts of service providers and use it as a measure of performance. For example Training: disaggregated data by sex, age

Step 5: Validation and Training

- Share and validate the M&E manual, plan, and reporting formats with all relevant Programme stakeholders
- Agree on key timelines for reporting
- Train all implementing partners with data collection responsibilities on standard reporting formats and tablets based data collection
- Train all PIU staff and other relevant actors on the use of the MIS
-

III.3.2 Knowledge Management and Communication

Knowledge Management and Communication (KM&C) will play a key role in generation and sharing of new knowledge and innovations that will enable continuous learning thereby improving the programme performance and results. The programme will review and update the Knowledge Management and

Communication Strategy that was developed under SAPP first phase to operationalize all KM&C activities. For the KM&C to be a success, all relevant stakeholders will be required to play roles based on their mandates. Based on SAPP first phase experience, a KM&C position will be created within the PMU.

Knowledge Management and Communication (KM&C) will involve identifying, capturing, evaluating, documenting, retrieving and sharing information thereby promoting effective use of knowledge with five interconnected functions namely: (i) Learning and adaptation, (ii) Learning oriented M&E, (iii) Internal and external communication, (iv) Innovation and experimentation, and (v) Information management. Knowledge will be generated or supported with M&E data and information. The SAPP II's Management Information System (MIS) will include a module on KM&C.

In line with its mandate, DAES and SAPP II's KM&C Specialist will provide leadership on internal and external communication aimed at supporting learning, fostering teamwork and joint responsibility, culture of feedback and appreciation, creating visibility and advocacy, sharing lessons across projects and institutions. DAES and the SAPP II's KM&C Specialist will also actively participate in operationalizing the other four functions of KM&C. In view of this, DAES and the SAPP II's KM&C Specialist will work in collaboration with Agricultural Development Division and District Agriculture Office's staff, national and community media houses and other key players to ensure development and dissemination of various communication products.

Among others, KM&C will include documentation of lessons learnt, best practices and success cases; organizing learning conferences, development, packaging and dissemination of technical messages and how to do notes; production of radio and TV programs. The KM&C materials will target farmers, staff, stakeholders and will be disseminated through electronic media (radio and television), print media (booklets, leaflets, posters, manuals, flyers, brochures, magazines, calendars), social media platforms (Facebook, twitter, WhatsApp), websites, mobile applications and SMS platforms. In addition, Agricultural Resource Centres, mobile campaigns will be used.

DAES will also focus on capacity building of communication officers on KM&C at all levels.

In order to develop and manage the knowledge and information of the Programme, the following activities will be conducted:

1. **Document lessons learnt, best practices and cases of success:** The KMC Officer will collect all available relevant information to document lessons learnt, best practices and cases of success. It could be based on information collected from progress reports, meetings, conferences and interviews, monitoring and evaluation reports, outputs evidence provided by targeted groups, field visits, tours, market and commodity entities and other involved parties. The KM&C Specialist will ensure that lessons learnt are adequately captured in all quarterly, semi and annual programme reports.
2. **Develop and deliver a lesson's learnt report:** Based on the information collected along Programme implementation, the KM&C Specialist will develop a mid-term and an end of Programme lessons learnt report, analysing the documented lessons learnt, best practices and cases. It will be first submitted to IFAD and, once feedback has been incorporated, if any, the report will be shared widely.

3. **Organize learning Conferences:** Conferences/seminars/workshops will be organized at the national level mid-term and end-programme term respectively, at which the knowledge, experiences and impacts of the Programme as well as of other similar governmental and donor supported programmes, can be shared. This will facilitate acquisition and dissemination of knowledge as well as institutionalization of participation-promoting processes and procedures. Other specific learning events will also be considered at an opportune time to enhance cross-learning within the Programme.
4. **Plan and document review meetings:** Lessons learned and innovative approaches will be discussed and identified during the review meetings conducted at different levels and included in the report and uploaded in the MIS. During the PMU meeting key lessons learned will be extracted from the system discussed and shared with management.
5. **Develop technical messages:** Technical messages on good agricultural practices, extension methods and approaches will be produced from time to time to address knowledge and skill gap and raise awareness to the target audience. These messages will be developed in collaboration with experts from technical departments within the Ministry.
6. **Produce Radio and Television programs:** Radio and TV programs as well as video documentaries will be produced and aired on national and community radio stations across the country. A documentary about the Programme combining before and after footage will be produced and shared with target groups, policy makers and other stakeholders.
7. **Develop, print and distribute Information Education and Communication (IEC) materials:** KM&C and DAES will facilitate development, printing and distribution of IEC materials to smallholder farmers in the SAPP II implementing districts, extension workers as well as stakeholders. Some of the IEC materials will include calendars, leaflets, manuals, brochures, magazines, booklets, t-shirts, diaries, golf shirts will be produced and shared to the farmers, extension workers and stakeholders from time to time.
8. **Dissemination of best practices:** The KM&C Officer together with DAES will periodically develop and disseminate best practices emanating from the Programme. The best practices will be disseminated through periodic meetings and conferences and in the form of print and electronic.
9. **Establishment of a call centre:** A call centre will be established to centralize transmission of information, conduct research, handle queries and consolidate feedback among others.
10. **Conduct mobile van campaigns:** Mobile van campaigns will be conducted to show agricultural video films as one way of increasing awareness on recommended technologies and adoption levels.
11. **Organize exchanges visits:** The Programme will organize exchange visits to improve the knowledge and practices of the participants and their institutions. Visits will take place within the same community, area or country, or between different communities, areas or countries of a region.
12. **Develop website for SAPP II:** A SAPP II website will be created and will be the main channel to share updated information about the Programme.
13. **Capacity building:** KM&C will support capacity building of Agriculture Development Division and District Agriculture Office's communication staff to facilitate effective implementation and contribute towards reaching out to targeted project beneficiaries.

Appendix M&E 1: Guiding project outputs results management framework

Outputs	Output Indicators	Targets						Results						Frequency	Data source	Res (TB)	
		End Target	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6			
Output 1.1. Inclusive value chain and market analysis conducted	<i>Stakeholders and value chained actors mapped</i>																
	Number of mapping exercises conducted																
	Add as many relevant Country and project level output indicators																
Output 1.2. <i>Enhanced capacity for climate smart and nutrition-sensitive production</i>	1.1.8 Households provided with targeted support to improve their nutrition																
	Total persons participating																
	Males - Males																
	Females - Females																
	Young - Young people																
	Households (number) - Households																
	Women-headed households - Households																

3.1.2: Persons provided with climate information services										Annually	MIS, Districts reports
	Males										
	Females										
	Youth										
	People who benefited from the pass-on programme										
	Number of beneficiaries from the goat pass-on programme										
	Number of goats passed-on										
	Number of beneficiaries from the chicken pass-on programme										
	Number of chicken passed-on										
	People trained on GALS										
	Number of extension workers trained as ToT										

Appendix M&E 2: SAPP II IFAD Core Indicators definition guidelines

Indicator	Project Context Definition
1 Persons receiving services promoted or supported by the project	Refers to the number of new individuals who have received services or participated in activities promoted or supported by the project during the considered period (annual reporting).
IE 2.1: Individuals demonstrating an improvement in empowerment	<p>IFAD's empowerment indicator is an index that IFAD has developed building on the project-level Women's Empowerment in Agriculture Index (pro-WEAI) developed by IFPRI, OPHI and USAID. Similarly to the pro-WEAI, IE 2.1 reflects a framework of empowerment in which empowerment is a process of change on the interrelated dimensions of resources, agency, and achievements. This indicator focuses on measuring agency, i.e. the ability of individuals, who were unable to do so previously, to make strategic choices. (Malapit, et al, 2019). IFAD's empowerment indicator aims at measuring individuals empowerment in the communities where IFAD's projects are implemented, in the domains relevant to IFAD's operations. IE 2.1 includes 10 out of the 12 dimensions for the pro-WEAI, focusing on those IFAD can influence through its supported activities. Each dimension is mapped to one of three domains of empowerment: intrinsic agency (power within), instrumental agency (power to), and collective agency (power with) which are linked to the definition of empowerment. Dimensions' mapping is as follows:</p> <p>Intrinsic agency: Autonomy in income, Self-efficacy and Attitudes about intimate partner violence.</p> <p>Instrumental agency: Input in productive decisions, Ownership of land and other assets, Access to and decisions on financial services (if any provided by IFAD supported project), Control over use of income and Work balance.</p> <p>Collective agency: Group membership and Membership in influential groups</p>
1.2.8: Women reporting minimum dietary diversity (MDDW)	Women surveyed claiming that they are consuming a diversified diet, which means that they are consuming at least 5 out of 6 prescribed food groups. It is a proxy indicator to judge adequacy of micronutrient (e.g. vitamins, minerals) consumption by women. It is also a proxy to gauge the adequacy of nutrition intake of the household members. MDDW is expected to provide a broader picture of a household's nutrient intake, taking into consideration that in most societies women are more likely to be nutritionally vulnerable because of their disadvantaged position in relation to intra-household distribution of nutritious foods in resource-poor settings, which are the primary targets for IFAD operations. Additionally, women, and in particular women of reproductive age (15-49 years), are more vulnerable due to their higher physiological demand for nutrients compared to adult men.
SF.2.1: Households satisfied with project-supported services	Households reporting that they: (a) easily accessed or used the services provided by the public/private entities supported by the project, and (b) were satisfied with the quality of the services provided by the public/private entities supported by the project (for example by the government extensions officers etc.). The indicator aims at determining whether the main services delivered by the public/private entities supported by the project adequately meet target groups' productive/business/employment/livelihood needs. The indicator indirectly assesses (1) the responsiveness of the project in reflecting target groups' views and needs during the design, delivery and adaptation of services, and (2) the impact of the project's capacity building support to the service providers towards improving their service delivery capacities
SF.2.2: Households reporting they can influence decision-making of local	Households that participate in project-supported groups/organizations reporting that: (a) they have influence over decisions taken in the project-supported group/organization in which they participate; and (b) the project-supported group/organization they participate in can influence decision-making of local authorities and project-supported service providers

Indicator	Project Context Definition
authorities and project-supported service providers	
1.2.2: Households reporting adoption of new/improved inputs, technologies or practices	Beneficiary households interviewed who claim that: (a) they are fully satisfied with the inputs, practices or techniques promoted; and (b) they are now using those inputs, practices and technologies instead of previous ones
1.2.4: Households reporting increase in production	Beneficiary households interviewed (e.g. rain-fed and irrigated farms, livestock owners) who claim that project-supported activities (e.g. training, input provision) have helped them increase the quantity of key crops harvested as a result of better yields (i.e. quantity of crop harvested per unit land area) or an increase in cropped area, compared to the pre-project situation. For cereals, grain and legumes, production is normally measured in metric tons or kilograms. May also refer to an increase in livestock production (e.g. increased milk production, reduced animal mortality, improved fertility), as compared to the pre-project situation. For SAPP II, a 25% increase of production will be considered satisfactory.
3.2.2: Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices (RMF 11)	Project beneficiaries who were trained in environmentally sustainable practices and/or the management of climate-related risks, and who claim that: (a) they have fully mastered these practices; and (b) they are now routinely using these technologies and practices
1.1.8: Households provided with targeted support to improve their nutrition	It refers to the number of people that have directly participated in project-supported activities designed to help improve nutrition during the considered period. Note that the nutrition-sensitive activities are not generic but that they are tailored to address context based nutrition problems. Activities may include people participating in nutrition related trainings, exchange visits, behaviours change communication campaigns, integrated food production, infrastructure (e.g. drinking water and sanitation), homestead food production, technical assistance on the use of inputs and technologies intended to improve nutrition outcomes (e.g. bio-fortified seeds, small livestock, labour-savings implements/technologies), socio-cultural related issues impacting on nutrition outcomes etc.. Also note that based on the typology of the nutrition-activity, they may target household members and not individuals e.g. backyard poultry or vegetable gardens. It is important to note that not all nutrition-sensitive activities will be reported under this indicator. For example, mass media campaigns (e.g. radio) and/or other open sessions where it is difficult to quantify the number of people reached should be excluded. While counting beneficiaries, care should be taken not to double count individuals or households benefiting in more than one activity or the same activity more than once in the same year
1.1.3: Rural producers accessing production inputs and/or technological packages	Refers to farmers, livestock owners or other rural producers who received support to access production inputs (e.g. chemical or organic fertilizers, pesticides, improved seeds, stocked livestock, veterinary medicines, etc.) or technological packages (e.g. processing equipment, farming tools, animal health and artificial insemination kits, drip irrigation systems, etc.) thanks to project interventions. Such inputs or technological packages and options may be provided on a free basis, or against some beneficiary contribution.
1.1.4: Persons trained in production practices and/or technologies (RMF 11)	Number of persons who have been trained at least once in improved or innovative production practices and technologies during the considered period (annual reporting). Training and capacity development may be provided in a variety of forms: participation in community mapping of natural resources, participation in a farmers' field school, field demonstrations, training in livestock immunization, etc.; and for various durations (a full day's training conducted outside the trainees' community, training of extension

Indicator	Project Context Definition
	officers in a district centre; shorter sessions conducted within the trainees' community/village, regular short classroom training, or on-the-job or in-field training. Training topics may concern crop production (e.g. cultivation practices, participatory varietal selections, use of improved seeds, soil fertility improvement practices and technology, efficient water use, micro-irrigation, agroforestry practices, proper plant protection, or enhancing produce quality) or livestock production (e.g. milking and milk handling, slaughtering, animal nutrition, disease prevention and veterinary practices, animal husbandry). Training in the management of natural resources and climate-related risks (such as technologies and practices for environmental protection, combating deforestation and desertification, or promoting soil/water conservation initiatives) shall not be considered here..
3.1.2: Persons provided with climate information services	Individuals reached by weather, climate or seasonal forecasts and/or disaster early-warning information during the considered period, according to the procedures agreed upon by government and other data providers. It includes individuals registered in message recipient lists that are regularly contacted, or those using the service. Households that have received advice in the considered period (annual reporting) regarding expected climate impacts on crops, livestock and fisheries, to enable better decision-making as to the type, timing and location of agricultural practices and to prevent, reduce and/or manage risks, should also be included. This indicator only refers to climate information services provided through extension workers, disaster preparedness or response teams, community volunteers or community leaders. Among modern communications media, only the recipients of SMS messages are to be considered. Persons reached through mass media (radio or television) are not to be reported under this indicator
3.1.4: Land brought under climate-resilient management (RMF 11)	Land in which activities were undertaken to restore the productive and protective functions of the land, water and natural ecosystems and/or reverse degradation processes with a view to building resilience to specific climate vulnerabilities during the considered period (annual reporting). Examples of climate-resilient practices or adaptation investments that reverse the process of degradation and protect agricultural land and production infrastructure include targeted farm and landscape management practices (e.g. reforestation, afforestation, improved rangeland management, watershed management, erosion control, agroforestry, removal of non-native species and weeds, reintroduction of native species); soil and water conservation infrastructure (terraces and other contour bunds and natural hedges constructed/planted or rehabilitated with project support, preventing soil erosion and sustaining soil moisture); the establishment and management of ecological buffer zones to reduce the impact of climate hazards (e.g. mangrove greenbelts, sand dunes, flood retention zones, storm breaks, groundwater recharge zones, shelter belts); and the establishment of protected areas and biodiversity corridors to restore the biological diversity and ecosystem services of endangered landscapes.
2.2.1: Persons with new jobs/employment opportunities	Number of new full-time or recurrent seasonal on-farm and off-farm jobs created thanks to project activities 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 shall be excluded.
2.2.4: Supported rural producers' organizations reporting new or improved services provided by their organization	Rural organizations supported by the project that have developed better or more diversified services for their members, such as access to storage, processing, marketing facilities, credit provision, inputs and equipment purchase, technical assistance, grouped sales. Includes new services, as well as existing ones that were improved due to strengthened organizational capacities.
2.1.3: Rural producers' organizations supported	First-level groups of farmers or other rural producers, whether formally registered or not, that have been newly formed or created, or strengthened with project support during the considered period, in order to enhance agricultural or livestock production, processing or

Indicator	Project Context Definition
	marketing, and provide services to their members. These rural producers' organizations should be distinguished from groups formed to manage natural resources
2.1.4: Supported rural producers that are members of a rural producers' organization (RMF 11)	Rural producers that belong to a rural producers' organization supported by the project, whether formally registered or not, during the considered period
1.1.7: Persons in rural areas trained in financial literacy and/or use of financial products and services	Refers to the individuals in rural areas who received capacity-building from the project, during the considered period, enabling them to acquire the knowledge, skills and confidence to make responsible financial decisions or handle household economics and investments more effectively. Financial literacy programmes usually cover topics such as basic numeracy training, budgeting, saving or credit management
2.1.6: Market, processing or storage facilities constructed or rehabilitated	Market, processing or storage facilities that have been fully constructed or rehabilitated by the project during the considered period. Market facilities are the structures used to sell produce, such as market places and shading structures. Processing facilities include equipment and machinery that are used for the transformation of agricultural produce (such as mills, hullers, shellers, extractors) where value is added. Storage facilities include structures used for mid- to long-term storage or preservation of produce. The facilities may be on-farm storage structures such as containers and small silos, or village/community facilities such as warehouses, granaries and large silos
2.1.2: Persons trained in income-generating activities or business management (RMF 11)	Persons who during the considered period, have received training in topics related to income-generating activities , including post-production handling, processing and marketing. Such activities include cheese-making, small-scale processing of fruit, meat and milk products, conservation of agricultural products, agro-processing techniques, handling in compliance with safety (safe use of chemicals, pesticides) and other quality requirements, packaging, market information and procedures. Business management training includes organizational management, accounting and bookkeeping, cash flow management and marketing

Annex M&E 3: Indicative additional indicators that could be added to the RF

Here below is a list of all indicators to be collected by the Project which are not listed in the LF. Remember that the LF is just a selection of key progress indicators, but the Project will need to collect much larger range of indicators that are useful for project management as well as for evaluation. The RF is a flexible, living document. Indicators in this list can be added and removed as it seems best to the Project team.

Output	Indicator	Baseline	Mid-line	End-line
Enhance capacity for climate-smart and nutrition-sensitive production systems	Number of research-extension managed trials			
	Number of guidance Materials for FFS developed			
	Number of farmers reached with E-extension services (hotline, radio and SMS)			
Strengthened Farmer Organisations	<ul style="list-style-type: none"> ● Number of farmers Organization trained in Group dynamics, production and marketing ● Number of farmer organisations registered as cooperatives 			
	Persons trained in group dynamics, production and marketing (disaggregated by gender and age)			
	Extension Officers trained in business plan development (disaggregated by gender)			
Market Linkages promoted based on opportunities to unlock value	Number of marketing information systems established			
	<ul style="list-style-type: none"> ● Number of farmer groups accessed market led production support ● Number of productive alliances established 			

Capacity of staff and partner institutions strengthened for SAPP II coordination, communication, Knowledge Management and M&E	Number of vehicles procured			
	Number of motorcycles procured and distributed			
	Number of officer equipment and furniture procured			
	Number of surveys and reviews conducted			
	Number of communication materials produced and shared			
	Number of websites created			
Institution building and policy engagement for resilient and market-oriented food systems	Number of volunteers in Village Civil Protection Committees trained			
	Number of households supported with relief items			

ANNEX 4: TERM OF REFERENCE FOR SAPP II PIU STAFF AND BASELINE SURVEY

POSITION: NATIONAL PROGRAMME COORDINATOR

Reporting to: Principal Secretary for Agriculture

The National Programme Coordinator (NPC) is responsible for all aspects of the management and supervision of SAPP implementation.

The NPC is based at the SAPP Secretariat (SAPPS) but will undertake a significant amount of field travel to oversee programme review, planning and implementation activities. The NPC will lead the activities of the SAPP Secretariat including the MoA counterparts and will direct, supervise and monitor all programme work, whether in-house or contracted out. He will work closely with the appointed SAPP II Desk Officers in-post and senior staff from the National, District and downstream agencies, farmers and community group, service providers and private and NGO sector entities or representative bodies to ensure that the implementing agencies implement activities cost-effectively and contribute to achieving programme outcomes and impacts.

Duties and Responsibilities:

1. Lead implementation of SAPP II to ensure it achieves the main objectives of its stakeholders, particularly the GoM and IFAD.
2. Provide leadership, guidance, enthusiasm and catalytic input to all levels of programme stakeholders, particularly the target small farmer households and the implementing agencies.
3. Lead the SAPPS and manage and supervise all SAPPS officers, consultants and support staff.
4. Report regularly directly to the Principal Secretary, MoA, on strategic issues or inter-agency issues impacting on the successful implementation of SAPP II.
5. Report regularly to the NAIP Coordinator and Director, Department of Agricultural Planning Services on operational and technical issues, as required.
6. Liaise with and develop sound working relationships with implementing agency directors and their nominated desk officers.
7. Act as secretary to the new programme steering committee (PSC) and ensure PSC members are provided with concise agendas and background papers to facilitate the smooth working of the PSC.
8. As required, support the NAIP Secretariat to facilitate the NAIP Executive Management Committee (EMC) and ensure that its directives and guidelines are incorporated into SAPP activities.
9. Organise and provide structured agendas for bi-monthly meetings of the programme technical committee (PTC) to motivate implementing agency staff to participate and contribute to improving SAPP II implementation and outcomes. Chair these PTC meetings and ensure that requests from the PSC are addressed and priority implementation and / or technical issues are addressed by the PTC.
10. Regularly meet with national and District level agency managers, participating ministries, parastatal organizations, district Administration members, local government authorities and other national or regional level bodies representing farmers, service providers, value chain actors and related interests who could contribute to improving SAPP implementation.

11. Coordinate and supervise the annual review meeting process from village level up as part of preparing the annual work plans and budgets (AWPB) by all implementing agencies and contractors; and amalgamation of these into the overall draft AWPB for GoM and IFAD. Present the AWPB to the PSC for their approval.
12. Have final accountability for the operation of the national level programme bank accounts including approval of payments and signing of cheques within the delegated authority.
13. With the programme accountant, closely supervise operation of agency and district level programme bank accounts.
14. Facilitate and supervise the tender procedures for service contracting and coordination of work of contractors at national, regional and District level.
15. Facilitate final approval of procurement documentation and procedures to meet GoM and IFAD requirements.
16. Liaise with professional and private and NGO sector representative bodies and institutions, including relevant ministries, and the setting and oversight of standards of service provision and guidelines for contract remuneration terms.
17. Facilitate, including chairing if appropriate, meetings, workshops and seminars involving the EMC, PSC and key District and national participants.
18. Ensure that implementing agencies implement SAPP II pro-poor targeting and gender policies in the field and that learnings from these are reflected in policy dialogue.
19. Prepare and arrange pre-submission inputs by the PTC and, where appropriate the PSC, of six-monthly and annual reports to the MoA, Ministry of Finance, the EMC, and IFAD.
20. Undertake structured personal capacity development through a plan prepared with the NAIP Coordinator.
21. Any other tasks as agreed with the Principal Secretary, MoA.

Key Milestones

Milestones to be monitored by the programme management specialist with the NAIP Coordinator.

Monthly

- (a) At least one formal update meeting with the Principal Secretary, MoA. The updates should include progress made towards SAPP outcome and impact, constraints encountered, and actions taken to address the constraints and actions where further inputs are required by the Principal Secretary (or their delegate).
- (b) Expenditure from all implementing agencies entered into TOMPRO

Quarterly

- (a) At least one (more, if possible) Withdrawal Applications lodged with IFAD
- (b) One meeting of the PTC with at least two activities allocated for PTC members to report back on.
- (c) For first 12 months, at least, short, focused PSC meeting with minutes and action plans monitored
- (d) Short performance review of SAPPS professional staff and consultants with adjustment of milestones (for first 12 months)
- (e) M&E activities specified in the revised M&E plan implemented and reports submitted to the PTC and IFAD

Annually

- (a) At least 90 percent achievement of the Annual Work Plan and Budget Activities
- (b) Baseline study undertaken in the first year if implementation & outcome surveys undertaken after MTR
- (c) Preparations for, then implementation of, review and planning meetings at District and implementing agencies level linking with demand drive / bottom up planning processes
- (d) Bi-annual Report (6 month) & Annual report to IFAD
- (e) Preparation of the consolidated SAPP AWPB for review by the PTC and submission to MoA and PSC / EMC for approval and to IFAD for the provision of a No Objection
- (f) Completion of the annual external audit
- (g) Performance reviews of all SAPPS staff and agency desk officers (with their agency superiors)

POSITION: SAPP II M&E SPECIALIST

Reporting to: National Programme Coordinator

The M&E Officer will be in charge of all SAPP II M&E activities at national, district and beneficiary level. The M&E Officer will also be responsible for compiling, validating and reporting M&E results and progress through collaboration with Government Departments, ADDs and District Teams and Project Implementing Partners.

Tasks and responsibilities:

- Develop a Project-Specific M&E Plan that will clearly detail:
 - (i) Description of the SAPP II M&E approach;
 - (ii) SAPP II processes and activities to be implemented;
 - (iii) The tools to be used for data collection and processing
 - (iv) The deliverables to be produced and;
 - (v) M&E responsibilities;
- Lead the development of the MIS to ensure that data collection, beneficiaries' database and reporting templates are consistent with the project M&E plan;
- Coordinate district teams and implementation partners to collect and report data of project activities using the MIS as per the appropriate project data collection and tools that are outlined in the M&E Plan;
- Provide technical support to project, district staff and partners on M&E and MIS related issues, including data collection, analysis and reporting;
- Submit a timely updated Project Logframe and Physical progress performance reports to IFAD before annual supervision missions
- Facilitate the development and submission of the Project's Annual Work Plans and Budgets at all levels.
- Ensure the quality of data collected and reported by conducting quality assurance checks and providing feedback to project staff and partners;
- Guide the service providers contracted to conduct COI survey by ensuring survey methodology and questionnaire adheres to the IFAD COIs

- Ensure compliance with IFAD and Project requirements and ethical considerations related to data collection and use;
- Provide capacity to project, district staff and partners on M&E and MIS related issues including data collection, analysis and reporting;
- Manage project information; particularly the beneficiary database, documentation and other project related information;
- Collaborate with the PIU KM Officer by providing evidence-based data of the impact of project interventions to guide the development of KM products;
- Carry out any other assignment or relevant duties in the field of his/her competences as may be assigned by the PC and the Authorities.

Outputs:

- Elaborated Project Specific M&E Plan by project start
- Fully operational M&E Management Information System by project year I
- Fully Developed data collection tools by project start
- Quarterly data analysis reports to inform implementation
- Quarterly monitoring reports to support decision-making
- Annual Workplans and Budget
- Technical assistance to project and implementation partners
- Capacity building materials (training material, guidelines, toolkits) to build capacity of project and implementation partners on M&E related issues
- Management of the beneficiaries' database to ensure outreach is up to date

Competencies:

- Technical expertise: Possess a strong understanding of M&E concepts, methods, and tools. This includes ability to design and implement M&E plans, develop data collection tools and analyse data
- Communication Skills: Excellent communication skills to effectively communicate project progress, results and recommendations to stakeholders such as donors, partners and project staff.
- Analytical Skills: Strong analytical skills to analyse data and identify trends, patterns, and areas of improvement. This includes the ability to use statistical software and other analytical tools to analyse data.
- Project Management skills: Strong project management skills to effectively manage M&E activities, including developing plans, coordinating data collection, and ensuring timely reporting.
- Teamwork and collaboration: Ability to work closely with project staff, implementing partners and stakeholders to ensure that M&E activities are integrated into SAPP II implementation.

- Problem solving skills: Proven ability to identify issues and challenges related to M&E and to develop solutions to address them.
- Ethical and professional conduct: Demonstrate ethical and professional standards in all aspects of work, including data collection, analysis and reporting. This includes maintaining confidentiality and respecting the rights of beneficiaries.

Qualifications and experience:

Education: First level university degree in statistics, demographics, public policy, international development, economics, or related field. Advanced certificate in M&E, statistics or economics preferred.

Experience

- Minimum of three (3) years of professional experience in an M&E position responsible for implementing M&E activities of international development projects.
- Experience in designing, implementing, and operating project M&E systems and plans from project initiation to closeout stages.
- Experience in designing and managing beneficiary monitoring and database systems.
- Experience in managing project level M&E Management Information Systems (MIS)
- Knowledge of the major evaluation methodologies (e.g. qualitative, quantitative, mixed-method, and impact) and data collection and analysis methodologies.
- Experience in developing and refining data collection tools.
- Experience with data quality assessments and oversight.
- Extensive knowledge of IFAD COI guidelines and policies is an advantage.
- Experience in developing Annual Work Plans and Budgets for the district. Terms of Reference for Assistant M&E OFFICER

POSITION: SAPP II ASSISTANT M&E SPECIALIST

Reporting to: M&E Specialist

The assistant M&E Officer will support all SAPP II M&E activities carried at national, districts and beneficiary levels.

Tasks and responsibilities:

- Assist in developing a Project-Specific M&E Plan that will clearly detail: (i) description of the SAPP II M&E approach; (ii) SAPP II processes and activities to be implemented; (iii) the tools to be used for data collection and processing (iii) the deliverables to be produced and; (iv) M&E responsibilities;
- Support the development of the MIS to ensure that data collection, beneficiaries' database and reporting templates are consistent with the project M&E plan;

- Co-Coordinate district teams and implementation partners to collect and report data of project activities using the MIS as per the appropriate project data collection and tools that are outlined in the M&E Plan;
- Provide technical support to project, district staff and partners on M&E and MIS related issues, including data collection, analysis and reporting;
- Update the updated Project Logframe and Physical progress performance and submit to the M&E Officer
- Provide support and facilitate the development and submission of the Project's Annual Work Plans and Budgets at all levels.
- Participate in the quality assurance checks of data collected and reported and provide feedback to M&E Officer and partners;
- Provide capacity to project, district staff and partners on M&E and MIS related issues including data collection, analysis and reporting;
- Support in the management of project information; particularly the beneficiary database, documentation and other project related information;
- Collaborate with the PIU KM Officer by providing evidence-based data of the impact of project interventions to guide the development of KM products;
- Carry out any other assignment or relevant duties in the field of his/her competences as may be assigned by the PC and the Authorities.

Outputs:

- Elaborated Project Specific M&E Plan by project start
- Fully operational M&E Management Information System by project year I
- Fully Developed data collection tools by project start
- Quarterly data analysis reports to inform implementation
- Quarterly monitoring reports to support decision-making
- Technical assistance to project and implementation partners
- Capacity building materials (training material, guidelines, toolkits) to build capacity of project and implementation partners on M&E related issues
- Management of the beneficiaries' database to ensure outreach is up to date

Competencies:

- Technical expertise: Possess a good understanding of M&E concepts, methods, and tools. This includes ability to design and implement M&E plans, develop data collection tools and analyse data
- Communication Skills: Excellent communication skills to effectively communicate project progress, results and recommendations to stakeholders such as donors, partners and project staff.

- Analytical Skills: Good analytical skills to analyse data and identify trends, patterns, and areas of improvement. This includes the ability to use statistical software and other analytical tools to analyse data.
- Project Management skills: Good project management skills to effectively manage M&E activities, including developing plans, coordinating data collection, and ensuring timely reporting.
- Teamwork and collaboration: Ability to work closely with project staff, implementing partners and stakeholders to ensure that M&E activities are integrated into SAPP II implementation.
- Problem solving skills: Proven ability to identify issues and challenges related to M&E and to develop solutions to address them.
- Ethical and professional conduct: Demonstrate ethical and professional standards in all aspects of work, including data collection, analysis and reporting. This includes maintaining confidentiality and respecting the rights of beneficiaries.
- Experience in developing Annual Work Plans and Budgets for the district.

Qualifications and experience:

Education: First level university degree in statistics, demographics, public policy, international development, economics, or related field. Advanced certificate in M&E, statistics or economics preferred.

Experience

- Minimum of two (2) years of professional experience in an M&E position responsible for implementing M&E activities of international development projects.
- Experience in designing, implementing, and operating project M&E systems and plans from project initiation to closeout stages.
- Experience in designing and managing beneficiary monitoring and database systems.
- Experience in managing project level M&E Management Information Systems (MIS)
- Knowledge of the major evaluation methodologies (e.g. qualitative, quantitative, mixed-method, and impact) and data collection and analysis methodologies.
- Experience in developing and refining data collection tools.
- Experience with data quality assessments and oversight.
- Extensive knowledge of IFAD COI guidelines and policies is an advantage.

POSITION: SAPP II Programme Accountant

Reporting to: National Programme Coordinator

The Programme Accountant will be responsible for updating and implementing the necessary accounting and financial management systems to address the programme's needs in responding to the objectives. The systems to be updated and implemented, should focus on but should not be limited to budgeting, accounting, internal control, reporting and external auditing.

The Programme Accountant reports to the National Programme Coordinator (NPC) with indirect reporting to the Director of Finance, MOA.

The position will be based at the SAPP Secretariat, in Lilongwe but may undertake some field travel to monitor programme financial management at implementing agencies/partners and/or support the Financial Management Specialist and NPC in their scheduled work. He/she will work closely with the NPC and other SAPPs staff, as required, to ensure that the SAPPs facilitates the implementing agencies to implement activities cost-effectively and contribute to achieving programme outcomes and impacts.

Duties and Responsibilities:

1. Develop, implement, modify and document record-keeping and accounting systems, making use of the TOMPRO accounting software;
2. Prepare, examine, and analyse accounting records;
3. Perform or ensure regular reconciliations are prepared for relevant account balances for review and endorsement by the NPC;
4. Prepare examine, and analyse monthly, quarterly (Quarterly Interim Financial Reports) and annual financial reports;
5. Analyse operations, trends, costs, incomes, financial commitments, and obligations, so as to prepare financial projections and provide advice to the NPC accordingly;
6. Develop, maintain, and analyse budgets comparing budgeted costs to actual costs on periodic basis;
7. Update financial management section of the PIM/manual to reflect implementation realities for approval of the NPC, Director of finance and IFAD;
8. Ensure and maintain a proper filing system for Programme accounting records;
9. Ensure compliance with relevant financial procedures, guidelines, standards and loan covenants;
10. Supervise the work of Accounts assistants assigned to the programme and justification assistants or any other accounting staff assigned to the Programme;
11. Liaising with the District Accountants from the Programme districts and MoAIWD in preparation and consolidation of AWPBs.
12. Liaising with the Accounts Assistants and Justification Assistants at districts and ADDs to ensure that SOEs are prepared in a timely manner and forwarded to the Secretariat for consolidation and preparation of withdrawal applications to ensure availability and smooth flow of Programme funds.
13. Review, compile and consolidate SOEs for the programme, implementing partners/TLC, Districts and ADDs for eventual preparation of withdrawal application for approval of the NPC before submitting to other approving authorities;
14. Survey operations to ascertain accounting needs and to recommend, develop, and provide solutions to financial problems;
15. Advise Programme management about issues such as resource utilization and other matters pertaining to financial management; Ensure that administrative and financing directives and guidelines of the ASWAp EMC are reflected in all Programme activities;
16. Ensure that project cash flows (income, expenditure and fund transfers) are managed in a timely and accurate manner;
17. Assist with administering the financial and administrative policies, systems, formats and procedures, including those for service contracting, budgeting and accounts and audit in accordance with the GoM guidelines;

18. Conduct training and orientation sessions for implementing agencies, organisations, officials etc. - particularly with respect to budgeting, financial management and operating and maintenance issues;
19. Establish protocols for use of the designated and operational accounts in accordance with GoM procedures;
20. Facilitate internal and external audit processes in relation to the project and ensure audit requirements are monitored throughout the project and that audit recommendations are fulfilled
21. Prepare the Programme for external audits within the stipulated time-frames;
22. Help build SAPP's capacity in accounting and financial management.
23. Any other tasks as agreed with the NPC and the FMS.

Key Milestones

Milestones shall be monitored by the NPC, assisted by the NAIP Coordinator.

Monthly

- (c) Bank reconciliations
- (d) Expenditure from all implementing agencies posted into TOMPRO
- (e) Variance analysis report of budget against actual expenditure
- (f) Cash flow projections

Quarterly

- (f) Quarterly financial reports
- (g) Minimum of one (1) withdrawal application

Six monthly

- (h) Six monthly financial report to IFAD
- (i) Updated financial tables for IFAD implementation support and supervision missions

Annually

- (a) Annual financial reports to IFAD (in IFAD recommended format)
- (b) Consolidated SAPP AWPB
- (c) Draft financial statements for external audit
- (d) Draft response to management letter on financial management issues as input of NPC into the response of the PS, MoA

POSITION: ASSISTANT ACCOUNTANT

Reporting to: Programme Accountant

Tasks and Responsibilities

The Assistant Accountant will be expected to report directly to the SAPP Programme Accountant. He/she will be supported by Accounts Assistants at the PMU. The Assistant Accountant will among other duties specifically perform the following duties;

- Consolidation of all financial data from all departments implementing SAPP Activities at district level
- Preparations of monthly bank reconciliations for operation and holding accounts
- Preparation and submission of monthly expenditure returns to Treasury
- Coordinating/hosting year end audits
- Ensure that funds allocated for workshop activities are properly used and accounted for
- Ensure that all financial records are properly filed and maintained
- Hosting supervisory visits from Secretariat and / or lead departments
- Conduct any other duties that could be assigned by the Programme Secretariat or the implementing district to smoothly run the programme

Position: SAPP II KNOWLEDGE MANAGEMENT (KM) SPECIALIST**Reporting to: National Programme Coordinator**

The Knowledge Management (KM) Specialist shall be responsible to the Project Coordinator for overall Knowledge Management and Communication of the project implementation as well as assessing the successful documentation of all activities in the project.

He/she shall be responsible for guiding the overall KMC strategy and implementation of related activities within the project and through partners, as well as ensuring that all project activities are well captured, documented, stored and disseminated.

Tasks and responsibilities:

- Oversee the Development and Implementation of the Project Knowledge Management and Communications Strategy and Activities Related to Project Outreach
 - Develop and supervise the implementation of the Project Knowledge Management and Communication Strategy in line with the Project Development Objective;
 - Coordinate the development and production of Information, Education and Communication (IEC) materials (flyers, media supplements, project updates, newsletters etc.) in liaison with the component heads and stakeholders to ensure quality and timely dissemination.
 - Collaborate with implementation partners, support interactions with project component units, and provide timely and appropriate interventions to address implementation issues and bottlenecks;
 - Promote a positive image of the Project and to enhance visibility of the activities; and access of the target population; and organize media events such as press conferences and talk-shows.
 - Assist in the preparation and review of various project documents.
 - Participate and effectively represent the Project in internal and external meetings related to the implementation of the project.
 - Ensure effective integration of KM program components in the design and implementation of project communications, stakeholder outreach program and private sector engagement activities
 - Ensure that project KM activities, outputs, outcomes and resource requirements are appropriately considered and included in the annual planning and budgeting process.
 - Through coordination with project team members jointly identify the main milestones and knowledge products to be developed and include them in the KM operational plan
 - Support the building and implementation of a Knowledge Management program with the objectives of transformational change through replication of outcomes and lessons learned from project operations
- Promote and Create Awareness on Project Objectives, Activities and Results
 - Facilitate the engagement of key stakeholders and partners in project implementation and follow-up investments.

- Expanding knowledge of project through digital media platforms including social media; preparing submissions and contributions to partners blogs, production of newsletter.
- Help promote collaborative partnerships with external stakeholders for effective development and implementation of project KM program
- In close coordination with the M&E Officer, develop results and impact stories
- Contribute to the production of quality contents for graphics, artwork, production of audio visual and audio programmes, content and design of posters, brochures, pamphlets, documentary and other print material that may be required
- Knowledge building and knowledge sharing on Project management matters
 - Identify and analyse project training needs, and contribute to capacity building of project staff in project implementation and management principles.
 - Preparation of short analytical knowledge management reports on relevant themes to promote knowledge sharing among Project management and implementing teams.
 - Facilitate awareness trainings or workshops as required on major project issues to ensure adherence to policy.
 - Facilitate relevant training to project private sector partners/stakeholders

Outputs

- Knowledge Management and Communication strategy developed and implemented.
- Media engagement activities - Press releases/conferences conducted, talk shows.
- Stakeholder engagements and coordination meetings and workshops conducted.
- Functional Project information management system established.
- Training needs assessment report prepared, and Staff trainings conducted.
- In addition, the KMS will contribute as needed to the preparation of: a) Project Supervision reports b) Quarterly activity monitoring reports c) Minutes of project management meetings d) Cluster level quarterly activity progress reports e) Status project reports

Qualifications and experience

Education: First level university degree in communication or related discipline

Experience:

- At least three years of professional experience with international financial and rural development institutions and government services.
- Working experience in country programme design and loan/grant administration experience with International Financial Institutions/Development Cooperation Agencies would be an asset.
- Field experience and competency in the use of standard software like Microsoft Office, PeopleSoft, and web-based applications will be a major asset. xv. Ability to communicate policies and procedures effectively and accurately.
- Good knowledge of policy-oriented, programme-based pro-poor and inclusive approaches
- Knowledge of rural project management, Agricultural value chain development and market development would be an asset
- Excellent written and verbal communication skills in English, including the ability to set out a coherent argument in presentations and group interactions.
- Excellent working knowledge of Microsoft packages and electronic communication

- Analytical thinker: has analytical ability and thorough understanding of socioeconomic issues in agricultural and rural development; and capacity to lead specific analytical work.
- Team worker: has the capability to foster and coordinate teamwork; and establish harmonious working relationships in a multicultural environment.

POSITION: PROCUREMENT SPECIALIST

Reporting to: National Programme Coordinator

The Programme Procurement Officer (PPO) is responsible to ensure that all SAPP procurements are carried out in line with IFAD Procurement guidelines, the SAPP Financing Agreement and the Government of Malawi (GoM) legal framework and procurement systems; are delivered on time, to the required specifications; and are consistent with the overall programme budgets, procurement plans and objectives.

Job Purpose

The Procurement a Specialist (PCS) shall be responsible for managing procurement processes aspects. As head of the procurement unit, the incumbent will be tasked to ensure compliance with Government of Malawi (GOM) Procurement regulations and ensure due diligence to comply with IFAD Procurement Guidelines and handbook.

Key Responsibilities and Duties

- As part of the PIU management team, and in collaboration with the PMU National Programme Coordinator and the technical and finance staff, participate in the formulation AWPBs and provide inputs on procurement.
- Prepare the Procurement Plan for submission to IFAD for review and no objection, and to the IPDC for approval.
- Update the procurement plans as needed for submission to IFAD for review and no objection, and to the IPDC for approval;
- Identify sources of supply, evaluate supplier eligibility and maintain a list of pre-qualified suppliers/contractors
- Undertake the procurement of goods, works and services at the PMU in compliance with the IFAD project procurement guidelines, the PIM and the project procurement manual.
- Organize meetings for Bids opening and tender evaluations, and maintain record of minutes of the proceedings, decisions and agreed actions.
- Provide training and assist PMU staff and the implementing agencies to prepare the procurement documents and ensure that appropriate procurement process and procedures are followed in compliance with the IFAD project procurement guidelines, the PIM and the project procurement manual.
- Draft Contract Documents and follow up on the contracts signing process.
- Supervise the process and procedures of contract management of the goods, works and services procured by the implementing agencies to ensure compliance with the IFAD project procurement guidelines, the PIM and the project procurement manual.

- Update regularly “actual” against “plan” procurement data and information in the procurement plan and monitor procurement progress towards the achievement of procurement schedules;
- Manage the OPEN system and regularly update the contract monitoring tool (CMT).
- Prepare a Procurement progress report at the end of month and no later than 15th day of the following month, for submission to the National Programme Coordinator.
- Work closely with E&S Safeguards Specialist to ensure that environmental and safeguard requirements are incorporated into the project procurement plans.
- Maintain all procurement records in a form appropriate for regular auditing and spot checks by supervision missions
- Maintain and keep all records of project procurement and contract documents at the PMU in appropriate files.
- Follow up on any issues related to Procurement, identified in the Supervision Mission Report and Audit Report.
- Advise and propose mitigation measures for non-performance of contracts and report any identifiable indicators of fraud, collusion and other unethical practices in procurement and contracting process.

Qualifications and Experience

The candidate should meet the following minimum qualifications, experience and competencies:

- University degree in Procurement or Logistics & Supply Chain Management. Those with Master Degree in Procurement or Logistics and Supply Chain Management will have an added advantage.
- Member of the Malawi Institute of Procurement and Supply (MIPS)
- At least 8 years' experience in procurement and contracts management of Programmes or businesses with similar funding mechanisms
- Considerable knowledge of and demonstrated experience in a donor funded-project, such as those funded by the IFAD, World Bank or African Development Bank.
- Good computer skills and proficient in the use of Microsoft Office (Excel, Word and PowerPoint, etc.);
- Experience/ skills working in teams and in a multi-cultural environment;
- Working knowledge of the Government of Malawi's Public Procurement laws and procedures;
- Experience in preparing tender and contract documents for national and international competitive bidding
- Prior participation in short training courses on donor funded projects and familiarity with procurement policies, evaluation procedures and reporting, as well as preparation of specific documents based on donor funded standards and models will be an advantage;
- Ability to work under minimum supervision;
- Highly motivated with excellent planning, analytical, communications and interpersonal skills as well as a high level of diplomacy;

POSITION: ASSISTANT PROCUREMENT SPECIALIST

Reporting to: Procurement Specialist

The Assistant Procurement Specialist (APS) is responsible to assist in all SAPP II procurements carried out in line with IFAD Procurement guidelines, the SAPP II Financing Agreement and the Government of Malawi (GoM) legal framework and procurement systems; are delivered on time, to the required specifications; and are consistent with the overall programme budgets, procurement plans and objectives. The APS reports to the Procurement Specialist.

Job Purpose

To support in managing procurement processes and contract administration aspects and ensuring compliance with Government of Malawi (GOM) Procurement regulations and ensure due diligence to comply with IFAD Procurement Guidelines and handbook.

Key Duties and Responsibilities

Specifically, the Assistant Procurement Specialist will perform the following duties;

- Assist in the preparation and update of the Procurement Plans in consultation with user departments
- Assist in preparing bidding documents based on acceptable bidding standards;
- Assist in the processing of consultant's selection through issuance of Expressions of Interest, secretarial services to Shortlisting, technical/financial evaluation and contract negotiation meetings
- Assist in the Preparation of evaluation reports, contracts, award notices and other procurement and contractual documents as required;
- Assist in the timely payments to suppliers, contractors and consultants and also ensuring their contractual obligations such as payment guarantees, Insurance premiums and performance Bonds.
- Assist in the preparation of Procurement Post Review registers, attending Procurement Post Review meetings and response to comments on issues raised
- Assist in Undertaking procurement processes using Shopping procedures and any other procurement methods as assigned from time to time;
- Assist in preparation of Quarterly procurement progress reports;
- assist the procurement officer in maintaining all procurement records in a form appropriate for regular auditing and spot checks by supervision missions;
- Ensure safe storage of tenders in response to bidding processes;and
- Perform any other tasks required by the project as requested by the supervisor.

Qualifications and Experience

The candidate should meet the following minimum qualifications, experience and competencies:

- University degree in Procurement & Supply Chain Management or CIPS Graduate Diploma-Level 6 from a recognised institution.
- Member of the Malawi Institute of Procurement and Supply(MIPS)
- A minimum of five (5) years of work experience in procurement in a donor funded-project, such as those funded by the IFAD, World Bank or African Development Bank.
- Good computer skills and proficient in the use of Microsoft Office (Excel, Word and PowerPoint, etc.);
- Experience/ skills working in teams and in a multi-cultural environment;
- Good command of English (speaking and writing);
- Strong reporting and writing skills;
- Prior participation in short training courses on donor funded projects and familiarity with procurement policies, evaluation procedures and reporting, as well as preparation of specific documents based on donor funded standards and models will be an advantage;
- Ability to work under minimum supervision;
- Highly motivated with excellent planning, analytical, communications and interpersonal skills as well as a high level of diplomacy;
- Upholding of anti-corruption and anti-bribery ethics.

POSITION: GENDER AND SOCIAL INCLUSION OFFICER

Reporting to: Monitoring and Evaluation Specialist

Job Purpose

The Gender and Social Inclusion Officer will be responsible for ensuring the programme targeting is fully inclusive regardless of gender, age and all other social issues. He/she will ensure that the programme has a clear strategy for social inclusiveness and that the strategy has a clear mechanism for measuring the inclusiveness.

Specific Roles and Responsibilities

Specific roles and responsibilities for this position shall include:

- Draft terms of reference for needs assessment for gender and social inclusiveness including to ensure participation of women, youth and other marginalise groups;
- Advise PMU on approaches that will ensure that the programme avoids elite capture in the process of implementation;
- Ensure that the IFAD gender and social inclusiveness policy is being incorporated in the implementation of the programme.
- Facility development of social inclusiveness strategy for the programme in line with the IFAD and Government of Malawi policies and guidelines, develop a summarised version that will be printed and shared with service providers and stakeholders;
- Work closely with M&E Specialist to ensure that reporting formats and planning tools are sensitive to social inclusiveness and facilitates reporting that clearly demonstrate participation in terms of gender, youth and other marginalise groups;
- Work with knowledge management and communication officer to ensure that knowledge management products of SAPP II apply social inclusiveness sensitivity;
- Participate in regular field visits for supervision of the programme; and
- Assist in any other duty as required.

Qualification

- University degree in social science or a related discipline. Higher education in a field related field would be an advantage;
- Minimum of three years of experience in similar job;
- Proven experience in designing and implementation of gender and social inclusiveness strategy;
- Experience in the sphere of rural development project management and implementation, in particular a good basic knowledge of project M&E systems, will be a distinct advantage.

POSITION: ENVIRONMENT AND CLIMATE CHANGE SPECIALIST

REPORTING TO: NATIONAL PROGRAMME COORDINATOR

Job Purpose

The Environment and Climate Change (ECC) Specialist will lead the work on environmental management, compliance with the Social, Environment and Climate assessment Procedure (SECAP) and the climate change adaptation related activities in the programme. The specialist will also support policy dialogue, institutional coordination and local level capacity building. S/he will work in close collaboration with the other members of the PMU and the field officers at district level.

Specific Roles and Responsibilities

- Provide technical inputs and guidance in the implementation of the environment and natural resources management and climate change adaptation activities under SAPP II;
- Provide inputs for measuring climate change resilience and improved natural resources management among the target beneficiaries of SAPP II within the project's Monitoring and Evaluation system, in close consultation with the M&E Officer;
- Ensure the inclusion of climate resilience and environmental management data collection in the baseline studies to be undertaken as part of SAPP II;

- Coordinate the SECAP related studies particularly for the agricultural activities and ensure the reviews and approval by Technical Committee;
- Coordinate the development and implementation of the Environmental and Social Management Plans;
- Liaise with the Environmental Affairs counterparts and with the National Programme Coordinator, engage in ongoing national and regional level policy dialogue;
- Undertake the technical review of environmental management and climate change adaptation fact sheets and maps being produced under SAPP II;
- Identify the appropriate dissemination channels for the fact sheets and vulnerability maps to be produced as part of the SAPP II;
- Provide training to fill the knowledge and capacity gaps of the various project stakeholders including service providers and the PMU in the understanding, planning and implementation of environmental management and climate change adaptation measures;
- Provide strategic orientation in planning, implementation and monitoring stages through periodic field visits to programme intervention areas;
- Contribute to the preparation of the AWPB;
- Contribute to reporting structures as laid out in the SAPP II documentation;
- Undertake any other duties (related to SAPP II activities) as may be assigned by the National Programme Coordinator.

Qualifications and Experience

- A first degree in natural resource or environmental management, agriculture or rural development.
- At least three years of experience in the field of Climate Change Adaptation or Environment and Natural Resource Management with strong knowledge of climate change adaptation.
- Thorough knowledge of the institutional setting in Malawi with a specific reference to climate change adaptation and environmental management as well as familiarity with all the governmental and non-governmental actors and stakeholders involved in the policy dialogue on climate change adaptation at the national level.
- Thorough knowledge of the legislative and regulatory framework on climate change, environmental management and agriculture as well as ongoing projects and initiatives focusing on climate change adaptation in Malawi.
- Good knowledge of GIS systems with relevant spatial skills for mapping project areas.
- Excellent and proven presentation, facilitation and negotiation skills.
- Good knowledge of communication tools and technologies (internet, Microsoft office packages etc).

POSITION : VALUE CHAINS AND AGRIBUSINESS SPECIALIST

REPORTING TO: NATIONAL PROGRAMME COORDINATOR

Job Purpose

The purpose of this position is to provide technical lead to the Programme in areas of commodity development for the selected commodities, linking farmers to sustainable markets, liaising with chain actors and supporters, and exploring opportunities for value addition and other technical related issues.

Key Tasks and Responsibilities

- Provide overall oversight of the commodity development activities, and technical support to PMU, commodity specialist, and field coordinators in formulating and implementing strategies and action plans for commodity development in an effective, efficient, and sustainable manner.
- Provide technical leadership in the process of commodity analysis for all selected commodities and in identifying opportunities and developing action plans for the development of the relevant commodities.
- Liaise continuously with the NPC on constraints along the identified commodities and agree on the strategies to address the constraints.
- Explore different types of farmers- market linkages to offer opportunity for improving smallholder marketing.
- Work out a mechanism to strengthen platforms that are relevant to selected focal commodities for SAPP II.
- Other technical activities that will require your input include:
 - a. Assist in developing product quality and grading standards and application of appropriate quality assurance systems.
 - b. Identify and support the development of niche marketing opportunities such as organic and fair trade.
 - c. Assess capacity needs of the technical staff and make necessary recommendations.
 - d. Serve as a lead person on all technical issues including:
 - Management of FCF
 - Management of field activities
 - Chain development issues
 - Networking and forum development
 - Linking farmers to sustainable markets.
- Submit quarterly progress reports in the agreed format.

Qualifications

- First degree in a relevant discipline such as Agriculture, Economics, Marketing, or Finance;

- Five years' experience in economic and agricultural oriented development with a minimum of five years exposure in agribusiness and commerce in Malawi.
- Knowledge of agribusiness and marketing across a range of commodities.
- Implementation of commodity enhancement programmes involving smallholder farmers.
- Sound experience of project and enterprise planning techniques and systems.

Position: FCF GRANT MANAGER

Reporting to: NATIONAL PROGRAMME COORDINATOR

Job Purpose

Under the supervision of the Programme accountant, the Grants Manager will oversee compliance with the grant agreement conditions and fiduciary obligations by grantees. He/she will coordinate manage, supervise, and monitor performance and contractual obligations of the grantees. Reporting to the National Programme Coordinator **and** working in collaboration with Agribusiness specialist and District Desk Officers. The FCF Grant manager will be the link between the grant recipients and SAPP II regarding grant compliance and financial management. He/she will ensure that recipient of grant facilities from SAPP II complies with all grant requirements and that the grant facilities are used for intended purposes and consistent with value for money principles.

Key Responsibilities and Duties

- Ensure that both SAPP II and the grant recipients are complying with terms and conditions of the grant agreement.
- Shall conduct regular financial management support visits to SAPP II grant recipients from time to time.
- Critically analyze financial reports from grant recipients by identifying any financial shortcomings and make appropriate recommendations to management.
- Ensure systematic follow-up on progress made on previous financial recommendations with grant recipients;
- Ensure that the grant recipients have sound financial management arrangements;
- Ensure that the grant recipients have reliable system of internal controls;
- Liaise with both internal and external auditors to ensure smooth audits and timely submission of financial reports by grant recipients;
- Ensure that audit recommendations from auditors are complied with;
- Coordinate and participate in technical backstopping missions to grant recipients by SAPP II, Ministry of Finance and Economic Affairs and IFAD.
- Perform any other duties as maybe assigned from time to time.

ANNEX 5: TERMS OF REFERENCE FOR THE BASELINE STUDY

BACKGROUND AND CONTEXT

General presentation of the project:

SAPP II builds on the lessons and achievements of the first phase and will promote increased production and productivity of climate smart and nutrition sensitive smallholder farming systems (both crops and livestock's), sustainable use of natural resources, and effective marketing through private sector engagement.

With a focus on increasing productivity beyond subsistence levels, SAPP II will also prioritise achievement of nutrition outcomes for the target groups and their communities, given the challenges of malnutrition in the country and target districts. Women and youth participation will be prioritised under SAPP II, given the unique importance of these two vulnerable groups in the country as well as the opportunities presented.

PURPOSE AND OBJECTIVES OF THE CONSULTANCY

Purpose

The purpose of the survey is to generate baseline data that will help in assessing the situation at the start of the project, set benchmarks/indicators to inform the M&E function of the project and form a platform for assessing the outcomes and impact of the project. The planned study will consist of quantitative and qualitative information on beneficiaries regarding the SAPP II log-frame indicator. This study constitutes one of the stages of the project evaluation process.

Objectives

The main objective of this assessment is to conduct a baseline survey to collect project specific data for SAPP II. The consultancy will develop the sample design, develop the questionnaire together with the M&E Unit, conduct the data collection, analysis and report writing of the Baseline survey to be used for the project evaluation process. The information to be collected includes information related to project activities in order to derive data on Outcomes and impact. The survey will measure the baseline values of project outcomes and impact indicators and beneficiaries/household characteristics at project start. The baseline survey will be conducted on a sample of Potential beneficiaries from the eligible population. Baseline data provide information on beneficiaries and comparison groups before the Project is implemented and are important to establish benchmark information for selected indicators.

Methodological requirements for qualitative and quantitative survey

The Project intends to conduct a Baseline survey to obtain quantitative and qualitative data that will enable monitoring and evaluation of the Project's results. The scope of the services required under these Terms of Reference include the collection of data at the appropriate levels of analysis: [Individual/Household/Cooperatives/Farmer groups]. The set of indicators to be collected will be based on Project's log-frame indicators. The study will follow a quasi-experimental approach with both a treatment and a control group.

Questionnaire and variables

The questionnaire will be developed together with the M&E Unit of SAPP II and should integrate the logframe outcomes and impact and any other indicators. It will be important to make sure that the questions related to IFAD's Core Indicators are well asked without rephrasing and change their intent and meaning. The questionnaire should be complemented with other questions aimed at collecting information on SAPP II project-specific indicators.

Sample frame

The sample frame is the list of all the units in the desired population, from which random samples of units are selected to build the survey samples. The Project Team will provide project and secondary data for the firm to conduct a listing of potential beneficiaries in order to facilitate the drawing of the sample within the eligible population.

Sampling method

SAPP II intends to follow a panel data structure, meaning that the same sample will be used for the baseline, midline and endline surveys with a possibility of rotation of 25% of the sample for each survey. Therefore, the contracted party will maintain an accurate register of households sampled in both the treatment and comparison groups for future reference. The register will be shared with M&E Unit. The sample will comprise a beneficiary and a control group.

Sample size

The sample should be composed of 750 beneficiaries and 750 control group. However, in the situation where that the exact beneficiaries have not been identified by the time the baseline survey will be conducted, the sample will be composed by 1500 households in the targeted areas. It is expected that at least half of the sampled will end up being Project beneficiaries.

Probability sampling

Probability sampling refers to the sampling method in which all the members of the population have an equal chance to be a part of the sample and it uses random selection to select the sample within the desired population. The sample will contain the same percentage of women and youth as the target beneficiary population: 50% women and 30% youth. The sample will be drawn from the regions targeted by SAPP II.

Data quality control

As data is collected and entered a storage mechanism, checking for errors and data quality is an important step and sufficient time should be allocated to review the data and assure its quality. The following strategies should be used: (i) Double data entry. (ii) Spot checking. (iii) Sort data to find missing data, outliers, high, or low values. (iv) Use automation, such as drop-down menus. (v) Format a database to accept only numbers. (vi) Review data for anomalies. (vii) Discuss data discrepancies and/or findings with

implementers. Data-quality checks can be implemented while collecting the data rather than ex-post as in the case of paper-based surveys by using electronic devices for the data collection.

Computer entry

The use of electronic devices and georeferencing is recommended.

Analysis and report

Analysis

Results should be analysed and presented in these ways:

- (i) Aggregated
- (ii) by age
- (iii) by gender
- (iv) by district
- (v) And if necessary, by EPA

Report

While writing the report, the firm will work in close collaboration with the Project Team and other implementing partners, to enable a learning process and to maximise transparency and accountability. Once the survey has been conducted and its quality validated, the analysis of the results should be presented in a report. The report summarizes the conclusions emerging from the analysis and includes the following elements:

- The description of the methodology used
- The questionnaire
- The list of villages/communities/household surveye
- The results of the survey Article V. the updated logframe with baseline data
The analysis and interpretation of the results (detailed analysis with statistical significance and summarized tables for each indicator)
- The survey database should also be provided to project staff and IFAD
- The qualitative data will be presented in a separate chapter.

Specific Tasks

The successful Consultant/Firm will lead and coordinate this exercise in close collaboration with SAPP M&E Unit and Department of Planning. The Consultant/Firm will perform the following tasks:

- 1) Review of the SAPP II Project Appraisal Document (PAD), Project Manuals, including implementation progress reports in order to inform the design of the evaluation and also to assess implementation progress, achievements and challenges;
- 2) Design the baseline survey methodology taking into account the evaluation questions described under the scope of the evaluation;
- 3) Design and test the data collection tools to be used for gathering both qualitative and quantitative data;

- 4) Ensure that the baseline survey is carried out according to plan, and establish systems to ensure the quality of the data collected is of high standard;
- 5) Prepare draft baseline report that clearly describes major findings and conclusions in relation to the evaluation questions, lessons learnt and recommendations for the future;
- 6) Present the draft baseline report at a stakeholder workshop in order to solicit further input and also to validate the findings;
- 7) Submit final report (a compiled version of the report - both hard copy (3) and electronic version in word format) to the project after incorporating the feedback and suggestions from the validation meeting. Submit all the data/information collected on the study including qualitative data.

Expected Major Deliverables

A set of three deliverables have been agreed between the Client and the Consultant which have been aligned to schedule of payment. These are:

- (a) Preparation and submission of an Inception Report within 7 days after contract signing.
- (b) Preparation and submission of the Draft Report 60 days after field work and geo-referencing.
Submission of the Final Report 7 days after stakeholder workshop
- (c) Submit a completely filled PDR logframe together with the report

Qualification

The baseline survey should be done by a sole consultant or a firm and the team leader should possess at least a master's degree or its equivalent in Economics, Development Studies, Demography or related discipline. The other members.

Malawi

Sustainable Agricultural Production Programme - Phase 2

Project Design Report

Annex 9: Integrated Project Risk Matrix (IPRM)

Mission Dates: 12 - 23 June 2023

Document Date: 17/11/2023

Project No. 2000004511

Report No. 6603-MW

East and Southern Africa Division
Programme Management Department

Overall Summary

Risk Category / Subcategory	Inherent risk	Residual risk
Country Context	Substantial	Moderate
Political Commitment	Substantial	Moderate
Governance	Substantial	Moderate
Macroeconomic	Substantial	Substantial
Fragility and Security	Substantial	Moderate
Sector Strategies and Policies	Substantial	Moderate
Policy alignment	Substantial	Moderate
Policy Development and Implementation	Substantial	Moderate
Environment and Climate Context	Substantial	Substantial
Project vulnerability to environmental conditions	Moderate	Moderate
Project vulnerability to climate change impacts	Substantial	Substantial
Project Scope	Low	Low
Project Relevance	Low	Low
Technical Soundness	Low	Low
Institutional Capacity for Implementation and Sustainability	Moderate	Low
Implementation Arrangements	Moderate	Low
Monitoring and Evaluation Arrangements	Moderate	Low
Project Financial Management	Substantial	Substantial
Project Organization and Staffing	Substantial	Substantial
Project Budgeting	Substantial	Substantial
Project Funds Flow/Disbursement Arrangements	Substantial	Substantial
Project Internal Controls	Substantial	Substantial
Project Accounting and Financial Reporting	Substantial	Substantial
Project External Audit	Moderate	Moderate
Project Procurement	Moderate	Moderate
Legal and Regulatory Framework	Moderate	Moderate
Accountability and Transparency	Moderate	Moderate
Capability in Public Procurement	Moderate	Moderate
Public Procurement Processes	Moderate	Moderate
Environment, Social and Climate Impact	Moderate	Low
Biodiversity Conservation	Moderate	Low
Resource Efficiency and Pollution Prevention	Moderate	Low
Cultural Heritage	Low	Low
Indigenous People	Low	Low
Labour and Working Conditions	Moderate	Low
Community Health and Safety	Moderate	Low
Physical and Economic Resettlement	Low	Low
Greenhouse Gas Emissions	Low	Low
Vulnerability of target populations and ecosystems to climate variability and hazards	Substantial	Moderate

Risk Category / Subcategory	Inherent risk	Residual risk
Stakeholders	Moderate	Low
<i>Stakeholder Engagement/Coordination</i>	<i>Moderate</i>	<i>Low</i>
<i>Stakeholder Grievances</i>	<i>Moderate</i>	<i>Low</i>
Overall	Moderate	Moderate

Country Context	Substantial	Moderate
Political Commitment	Substantial	Moderate
Risk: The GoM has sound policies in place for improving agricultural production and rural development aiming at improving production, productivity and diversification of crops and livestock. Although recent climate related hazards such as Cyclone Freddy have put a strain on the national budget and food security among smallholder farmers. GoM plans to continue promoting increased participation of smallholder farmers to engage in potential profitable agricultural value chains, including soya beans, groundnuts, sunflower, goats and dairy. That notwithstanding, the markets for these value chains are uncertain. Furthermore, the country will soon be moving into political campaigns although the presidential and parliamentary elections are 2 years away.	Substantial	Moderate
Mitigations: The GoM is committed to the timely implementation of SAPP II once its design is concluded. Although the financial envelope is beyond the available resources under IFAD 12 resources through climate funds, other potential funding from bilateral partners and possibly IFAD 13 allocation if confirmed.		
Governance	Substantial	Moderate
Risk: Under SAPP II, the GoM has already in place a performing project management unit. However, new staff will be seconded/hired to SAPP II who will require orientation and may therefore slow down implementation. Furthermore, new governance structures, the Project Steering Committee and Project Technical Committee will be established unlike under SAPP. This may delay implementation due to time required for orientation and settling down.	Substantial	Moderate
Mitigations: GoM will build the capacity of the project management unit by seconding more staff from the Ministry of Agriculture to the project and strengthening the project's mobility for effective coordination and reaching out to target beneficiaries.		
Macroeconomic	Substantial	Substantial
Risk: External shocks and, in particular, the impacts of the war in Ukraine and two cyclones that have affected agricultural production, together with a balance-of-payments has resulted and is further expected to result in foreign exchange scarcity. The risk of exchange rate deterioration of the Malawi Kwacha and rising rate of inflation (double digits) is anticipated. The devastation of road infrastructure due to cyclone Freddy affecting SAPP II target districts in southern Malawi is also a risk that may affect reaching out to project beneficiaries. Malawi's public debt is currently assessed to be in distress, which is a risk factor as it risks crowding out private sector investment.	Substantial	Substantial

Mitigations: GoM will assess the effects of the risks and ensure implementation of climate smart infrastructure and agricultural production. GoM will continue to focus on agricultural commercialization and placing emphasis on export driven agricultural value chains. GoM will consider debt restructuring.		
Fragility and Security	Substantial	Moderate
Risk: Climate change phenomena poses a risk to livelihoods of communities, considering that Malawi is prone to climate related shocks such as cyclones and dry spells. This is a risk that negatively affects crop production and productivity, and the livelihoods of communities in terms of food security.	Substantial	Moderate
Mitigations: GoM through the SAPP II has interventions climate resilience to lessen the impact of climate change related disasters		
Sector Strategies and Policies	Substantial	Moderate
Policy alignment	Substantial	Moderate
Risk: The agricultural and rural development policies of GoM are generally well aligned with IFAD's COSOP (2023 - 2030) and policies. However, parliamentary processes to approve and ratify financing agreements for projects with IFAD have been very slow. This has posed a risk of delays in project start up and timely implementation, resulting in escalations of project costs and affecting meeting project targets.	Substantial	Moderate
Mitigations: GoM through the Debt & Aid division in MFEA will closely work with MoA to ensure relatively quick passage in Malawi parliament to timely ratify SAPP II financing agreement. MFEA will also work closely with the Ministry of Justice & Constitutional Affairs to develop GoM/IFAD money bills for presentation in Malawi Parliament in a timely manner.		
Policy Development and Implementation	Substantial	Moderate
Risk: The national policy framework (MW 2063) is well-developed and supportive of agricultural commercialization and rural development. However, there is slow and limited implementation of most policy elements because of limited budget allocation to ensure implementation of the policies and strategies take place. This is a risk that the MW2063 may not be achieved.	Substantial	Moderate
Mitigations: GoM to strengthen capacities for policy implementation by providing adequate budget allocations. The GoM to strengthen its monitoring of policy implementation. SAPP II will support some policies, including horticultural development in pursuit of Malawi's agriculture commercialization agenda.		
Environment and Climate Context	Substantial	Substantial
Project vulnerability to environmental conditions	Moderate	Moderate

Risk: The project's negative environmental risks include deforestation, land degradation, soil erosion, siltation of water reservoirs and bio - diversity loss because of clearing land for agriculture. In addition, inadequate adherence and limited enforcement to environmental regulations may result in increased vulnerability or deterioration of target populations' livelihoods and ecosystems.	Moderate	Moderate
Mitigations: <ul style="list-style-type: none"> - Project will ensure screening of project interventions potential impact on environment and formulation of site specific Environmental and Social Climate Management Plans (ESCMPS) where environmental risks exist to minimize negative environmental impacts when risk is identified. - Promoting and building capacity for communities in conservation, restoration and protection of ecosystems and biodiversity; - Strengthening environmental education and co-management through capacity building of community groups to sustainably use of common resources; - Targeted conservation and restoration activities at micro-catchment level - The project interventions will target existing agricultural land, and land clearing will not be required for the project direct activities - Screening of FCF business plans against climate and environmental criteria 		
Project vulnerability to climate change impacts	Substantial	Substantial
Risk: The targeted population is vulnerable to increased frequency of extreme weather events (floods, droughts, and cyclones), extreme temperatures, erratic rainfall as a result of climate change. The impacts of climate change will impact productivity in terms of crop yields, loss of livestock and undermine the sustainability of project interventions. There are limited climate smart technologies or good agricultural practices.	Substantial	Substantial
Mitigations: <ul style="list-style-type: none"> - Strengthen research, development and farmer evaluation of climate adapted crop varieties, new livestock production technologies promotion of Good Agricultural Practices (GAP), soil and water conservation, soil fertility improvement, conservation agriculture and awareness on environmental conservation and management practices. - Piloting of crop and livestock micro-insurance initiatives - Climate resilience criteria in choice of value chain commodities to be promoted - Early warning systems, more accessible weather and climate data, climate-resilient infrastructure, climate-smart agricultural practices/technologies, will be promoted to increase resilience. - A targeted adaptation assessment to identify site specific adaptation options 		
Project Scope	Low	Low
Project Relevance	Low	Low
Risk: There is low risk since SAPP-II design builds on the most relevant aspects of the ongoing SAPP project, validated through SAPP Outcome surveys and economic and social development status reports from the targeted areas. It was confirmed during the concept note mission that support to agriculture primary production, with added elements of climate resilience and commercialization, is highly relevant for Malawi nationally and for the target districts in particular.	Low	Low
Mitigations: During MTR, the project framework will be assessed to ensure continued relevance of the project framework of goals, outcomes, outputs and activities. Flexibility to make revisions at MTR ensures that SAPP-II will remain relevant throughout project life.		
Technical Soundness	Low	Low

Risk: There is low risk of a lack of technical soundness. The project outcomes and outputs are building on best practices identified through implementation of the ongoing SAPP project as well as other agriculture projects at the Ministry of Agriculture, and technical soundness is proofed against successful work and results.	Low	Low
Mitigations: The annual supervisions and especially the project Mid Term Review will ensure that project implementation will progress effectively and in alignment with the design, and in case revisions to the implementation framework are required, such can be agreed upon between IFAD and the GoM.		
Institutional Capacity for Implementation and Sustainability	Moderate	Low
Implementation Arrangements	Moderate	Low
Risk: The Ministry of Agriculture, through the Project Implementation Unit (PIU), was responsible for the implementation of SAPP and the same arrangement will be kept for SAPP II. Whilst it is the responsibility of the GoM and its associated institutions to take charge of SAPP II delivery, and they have proven capacity for this, there is a risk that the Ministry of Agriculture is slow to develop partnerships for delegation of selected aspects of project implementation to partners that may be more effective in those areas. This poses a risk with regards efficiency of delivery as well as outcomes achievement. Limited capacity from relevant institutions may arise from implementing the project in new identified districts.	Moderate	Low
Mitigations: The design mission will identify appropriate implementation responsibilities for the MoA departments and those for development partners, value chain actors, service providers and stakeholders during SAPP II delivery. The partnerships shall be consolidated in Memorandums of Understanding (MOU) at project start-up phase to delegate delivery of selected outputs and activities to appropriate entities, whilst still providing oversight. GoM will ensure selected EPAs have sufficient front-line staff to implement the project.		
Monitoring and Evaluation Arrangements	Moderate	Low
Risk: The project is at its second phase and the staff is well trained and have already a functioning M&E system. The monitoring plan will identify monitoring indicator indicators at various level. However, some challenges could be the disaggregation of some of the indicators and the tracking of environmental and social safeguard as well as tracking emissions.	Moderate	Low
Mitigations: Whenever practicable, all indicators centred on people will be disaggregated by gender and age. The preliminary ESCMP matrix will be refined and incorporated into the project's implementation manual throughout its duration. During the design phase, a comprehensive M&E framework will be agreed upon between IFAD and GoM teams.		
Project Financial Management	Substantial	Substantial
Project Organization and Staffing	Substantial	Substantial

Risk: Seconded staff demotivation with the salary et benefit set by the Government may affect financial management performance. ·None of FM staff is qualified accountant may cause problem solving complex accounting treatments. ·The district staff don't have requisite experiences in IFAD financial and administration processes and procedures. ·Frequent rotation of delegated government staff may cause high turnover of staff within district project.	Substantial	Substantial
Mitigations: The government should set a staff emolument which is acceptable to motivate seconded staff. ·The FM staff should seek to become a member of Accounting body. ·All the finance team staff at PMU and District must take IFAD FM e-learning course to keep abreast with IFAD current FM policies. ·The government should allow staff delegated to IFAD projects to be on the course until the end of the project before rotation.		
Project Budgeting	Substantial	Substantial
Risk: ·Delay in the preparation of AWPB and submission to IFAD for No-Objection may delay in the activities' implementation. ·Prepare non-realistic and too ambitious AWPB which would not be implemented giving low budget implementation rate at the end of year. ·No official and documented guideline policies on the government and other counterpart's in-kind contribution giving inaccurate government counterpart contributions. ·Delay in implementing AWPB. ·Spending non-authorized or non-budgeted activities leading ineligibles.	Substantial	Substantial
Mitigations: ·Project should respect the laid down procedures on AWPB preparation and submission to IFAD. ·Activities budgeted for should be implemented at least in 80% each year. ·The project to develop in-kind contribution guidelines to be no-objected by IFAD for use before first disbursement. ·Each month prepare AWPB versus implementation schedule and variance to monitor AWPB implementation. ·Before expenses are incurred, Finance Team to check and record availability of budget line and fund; if not reject the expense.		
Project Funds Flow/Disbursement Arrangements	Substantial	Substantial
Risk: ·Delay in the preparation of quarterly IFR and submission of Advance and Justification W/A's leading to liquidity constraints and delaying activities implementation. ·Malawi Kwacha is highly volatile due to its continuous depreciation against the USD which may affect or reduce available dollar for the project implementation. ·Delay in disbursing fund to Farmers Challenge Fund beneficiaries on time of need due to lack of capacity in the preparation of disbursement-based on impress system and delay of submission of W/A. ·The current existing of financing gap may affect some project's categories and overall project implementation.	Substantial	Substantial

Mitigations:		
<ul style="list-style-type: none"> ·Effective capacity building on IFR preparation, disbursement based on IFR and submission of W/As through FE module and ICP should be undertaken during project launch. ·Transfer only amount needed for use in MK in the Operation accounts. ·The PMU finance staff should build capacity to Farmer Challenge Fund beneficiaries before the first disbursement of advance. ·The B/R should endeavour to raise the financing gap before the project launch. 		
Project Internal Controls	Substantial	Substantial
Risk:	Substantial	Substantial
<ul style="list-style-type: none"> ·Delay in submitting final internal audit report which will delay the knowledge of key and risky issues found. ·Not respecting at least two internal audit undertaking per financial year. ·Adequate internal control system in place but which may not work due to violation of intern control processes in place. ·Non-respect of clauses of Financial and Administrative manual. ·Increased risk of fraud and poor financial management practices at the district and FCF beneficiaries' levels where IFAD resources support farmers' organizations and smallholders. ·Accumulation of incompatible tasks and overriding of Coordinator on internal procedures. ·Weak capacities of implementing partners. 		
Mitigations:		
<p>There should always be internal audit entry and exist meeting and make sure the final signed internal report is received on time.</p> <ul style="list-style-type: none"> ·The number of internal audit report planned for the year should been done, at least 2 internal audits should be undertaken each year. ·Every approving officer along internal control value chain should respect his/her role without overriding on the other's roles. ·Projects policies manual should be followed and in case of any internal process amendments, the project should review and update the manual accordingly. ·All SAPP II staff: PMU, District levels should take IFAD anti-fraud and anti-corruption course with certificate. Report any attempt of fraud, corruption by introducing whistle blowing arrangement in place. ·The Coordinator should give autonomy to each Officer to play his/her role on the transactions approving processes. ·PMU to build capacity to all implementing partners before disbursing fund. 		
Project Accounting and Financial Reporting	Substantial	Substantial
Risk:	Substantial	Substantial
<ul style="list-style-type: none"> ·Incomplete configuration of the accounting software with financial statements (FS) leading to manual preparation of FS with inaccuracy and errors. ·Delay in preparation and submission of quarterly IFR and risk of quality may be compromised. ·Risk of the FCF beneficiaries may not have quality bookkeeping knowledge and system in place which can allow them to prepare disbursement based on impress system. ·Accounting software may not be customized enough with all the required forms to automatically generate reports that meet IFAD requirements. ·Risk of SDR/USD exchange rate fluctuation leading to insufficient dollar values available to implement project activities when the financing is SDR. ·Risk that Farmer Challenge Fund does not have distinct category in costab and Schedule II. 		

Mitigations:		
<ul style="list-style-type: none"> Configure accounting software with all the required IFAD forms and FS before the first disbursement. FO to check and make a test run during the launch of the project. During the launch of SAPP II build capacity of staff on IFR preparation, disbursement procedures, FE Module and ICP usage. SAPP II Finance team to build capacity for FCF beneficiaries on effective bookkeeping and preparation of disbursement W/A. SAPP II should have TOMPRO upgraded into TOMPRO web and configure it for a complete FS and IFR and reporting directly from the system. SDR/USD financing gap-high risk; therefore, the government should endeavour to choose USD or Euro currency for the loan and grant. Make sure the current Farmer Challenge Fund (FCF) maintains distinct category in the costab and in IFAD schedule II. 		
Project External Audit	Moderate	Moderate
Risk: Late submission of audits Audit opinion lacking independence	Moderate	Moderate
Mitigations:		
<ul style="list-style-type: none"> Hybrid external audit process involving Auditor General and private auditor for credible oversight control assurances. 		
Project Procurement	Moderate	Moderate
Legal and Regulatory Framework	Moderate	Moderate
Risk: There are exceptions to the procurement framework in the case of national defense or national security related procurement to the extent that such procurement is determined to be of a sensitive nature. A blanket exception may lead to noncompetitive procurement and may pose the risk of not obtaining value for money on military expenditure which is not of a sensitive nature. Desk instructions dated 2003 yet to be updated to be consistent with the new Regulations of 2020. The inconsistency may lead to the risk of non-compliance with the Procurement Act and regulations hence threatening the integrity of the public procurement system and impacting value for money outcome. Standard RFQs do not contain a period for clarification and neither is there enough time to ask questions. There is a risk that either unrealistic quotations will be submitted or some vendors will not be motivated to participate if some aspects of the procurement requirement are unclear leading to less competition. This will in turn impact value for money. This is likely to affect the project since it will be using national procedures. E-procurement not in use and Regulations 179 and 180 cover gradual introduction of e-procurement and conditions for their application. Definitions require adherence to socio-economic policies and provision 36 of the Act covers participation of SMEs though there are no methods that support innovation. Use of manual processes is inefficient and is prone to errors and there is lack of transparency and open access to public procurement information by the public and other stakeholders. Relying on such a system by the project will limit the information available about the project's procurement opportunities.	Moderate	Moderate
Mitigations: Procurement processes and procedures to be clearly identified in the PIM. Adoption of IFAD shopping SPDs that contain provisions for clarifications. Ensure procurement procedures are defined in project procurement manuals and consistent with IFAD procurement framework. Permit receipt of REOI and vendor pre-qualification applications through e-mail. Identification of SMEs to participate in specific procurement reservation schemes.		
Accountability and Transparency	Moderate	Moderate

Risk: No evidence that the Government takes into account the input, comments and feedback received from civil society and the procurement framework does not allow the public to participate in public procurement phases other than opening. There is a risk of lack of scrutiny of public procurement processes and decisions which may make the process none transparent and unaccountable. There is a requirement by law to publish NOITA, but no central portal for publishing other procurement related data to the public. There is a risk that lack of systematic access to public procurement information may erode the confidence of the public and the business community in the public procurement system. According to PEFA 2018, the National Audit Office (which is responsible for procurement audit) has no resources and capacity to properly exercise its functions. Composition of audit teams does not comprise procurement specialists. Resource constraints lead to fewer post reviews for procurement and there is a risk that the National Audit Office does not exercise its function to the desired extent in assessing compliance with procedures and performance levels of public procurement entities to ensure value for money in public procurement. This will impact the project since the public auditor will likely not have the expertise and resources to audit the project hence need to rely on private external auditors. No evidence of systems in place to follow up on the implementation/enforcement of the audit recommendations. This results from lack of an effective mechanism to follow up on audit recommendations and lack of a sanction system. There is a risk that there are no action plans to address the shortcoming and irregularities pointed out. The impact is that public procurement remains ineffective as it may not take advantage of the recommended improvements. There are no special integrity programmes for procurement staff. There is no disclosure of secure, accessible and confidential channels for reporting cases of fraud, corruption or other prohibited practices or unethical behaviour. There is a risk that procurement staff may be involved in unethical practices which may go unpunished due to lack of a mechanism to hold them accountable. This may extend to the project staff since they operate in the same environment as all public officers.	Moderate	Moderate
Mitigations: Use of the project website to publish procurement opportunities and contract awards. Periodic reporting to IFAD on procurement related issues identified during audit and their resolution. Include qualified procurement specialists as part of audit teams. Project to put in place periodic training on integrity for all project staff involved in processing procurement activities. The Project should disclose in solicitation documents the IFAD hotline to report misconduct of any kind and corruption and brief them on the Reporting obligations, as per Revised IFAD Anti-Corruption Policy.		
Capability in Public Procurement	Moderate	Moderate
Risk: Financial procedures are not detailed in the procurement cycle though the intersection with budgeting is identified in Part V of Regulations. This creates uncertainty on allocation of budget and availability of funds to ensure payments under the financial system leading to lack of trust due to lack of timely payments to vendors and may pose the risk of reduced competition, increased prices and delays in delivery of goods and services. There is no centralized procurement body for the purpose of consolidation hence lack of economies of scale due to lack of bulk buying. This has the risk of fragmenting procurement requirements and risks making them unattractive to bidders. This impacts value for money. The project may not be able to take advantage of such consolidation for its operational requirements. Absence of procurement information system and no strategies to manage procurement data. This poses the risk that there is lack of data to monitor compliance and measure performance of the public procurement system in order to achieve value for money across contract awarding including the methods used. There is a lack of substantive permanent training programmes on procurement and strategy to develop capacity of key stakeholders in public procurement. There is a risk this will affect the operational effectiveness of the implementation of the project including mastery of the rules and procedures in public procurement and may impact accountability functions in all stages of project implementation.	Moderate	Moderate

Mitigations: Timelines for Annual Work planning and budgeting cycles should be clearly defined in the PIM. Consolidate requirements for the purpose of economies of scale. Use IFAD end-to-end OPEN system for processing procurements. Project Procurement specialists to attend IFAD ILO based Procurement training BUILDPROC. Institute periodic stakeholder/supplier conferences.		
Public Procurement Processes	Moderate	Moderate
Risk: There are instances of delays and not achieving the planned target activities as a result of delays in initiation processes. This is associated with the long time it takes to pass budgets and release funds to Procuring Entities to enable spending to occur. There is a risk of rushing to make last minute spending especially at the end of the year to exhaust the allocated budget leading to poor procurement decisions and wastage of funds. Absence of formal mechanisms for open dialogue or capacity building of private companies. Absence of specific risks assessment associated with different sectors and engagement in support of procurement objectives. there is a risk that stakeholder concerns over various issues highlighted in the usage of bidding documents may remain unaddressed. There is an additional risk that the private sector may not be adequately sensitized on how to effectively participate in public procurement opportunities hence impacting competition and value for money.	Moderate	Moderate
Mitigations: Use IFAD end-to-end OPEN system for monitoring milestones. Absence of a system in place to measure and improve on procurement and contract management practices. Institute periodic stakeholder/supplier conferences. Periodic updates to project procurement strategies to identify emerging trends and risk mitigation measures.		
Environment, Social and Climate Impact	Moderate	Low
Biodiversity Conservation	Moderate	Low
Risk: Land clearing for agriculture, for example, may endanger or reduce biodiversity, the availability of diverse nutritious food, ecosystems and ecosystem services, or the unsustainable use/production of natural resources. In addition, the project could accidentally lead to introduction or utilization of invasive alien species of flora and fauna.	Moderate	Low
Mitigations: - The project interventions target existing agricultural land, and land clearing will not be required for the project direct activities - Promoting protection of the natural resource base through tailored support from the Village Farmer Challenge Fund - Screening of FCF business plans against climate and environmental criteria - Targeted conservation and restoration activities at micro-catchment level - Capacity building for communities on biodiversity conservation to be provided through the advisory services. - Implementation of the ESCMPs, which provides mitigation plan for all risks identified - Procurement guidelines will include safeguards to ensure any seed or seedling purchased for the project do not have invasive potential (particularly relevant in research for new varieties and in potential afforestation activities) - Project will work to change perceptions on the richness of indigenous and local wild foods through participatory biodiversity assessment to understand their availability and key characteristics and potential for biodiversity and diet quality.		
Resource Efficiency and Pollution Prevention	Moderate	Low

Risk: Farmers' increased use of agrochemicals (fertilisers and pesticides) may pollute land and water resources as they seek to increase agricultural productivity threatening ecosystem services and the environment at the local levels. The project will also involve livestock management and rearing, as well as potential afforestation activities which may imply increased pressure on resources and/or changes to land-use.	Moderate	Low
Mitigations: <ul style="list-style-type: none"> - Promotion of eco-labelled products/practices such as organic fertilizer, manure curing and Integrated Pest management that minimizes hazardous substances/emissions - Where inorganic fertiliser cannot be avoided, precise application techniques to be promoted - Policy support to address environmental effects of fertiliser subsidy - Screening of FCF business plans against climate and environmental criteria to avoid causing pollution - Procurement guidelines will list all approved chemicals in tender documents - The specifications of fertilisers and pesticides contracted by the PMU will be required to operate in line with the specifications in SECAP VOL 1 Annex 4 and the WHO-FAO codes for safe labelling, packaging, handling, storage, application and disposals of pesticides - Focus on small and low-emitting livestock only - Promotion of good husbandry practices and manure management through trainings and demonstrations - Preliminary soil and water assessments, as well as socioeconomic assessment will be conducted prior to afforestation activities to identify appropriate location, number and management capacity of trees planted for restoration and/or agroforestry - Technical training will be provided, ensuring that tree nurseries will need to be grown in a sustainable manner including safe use of fertilisers, chemicals, safe disposal of plastics. 		
Cultural Heritage	Low	Low
Risk: No risk envisaged	Low	Low
Mitigations: No risk envisaged		
Indigenous People	Low	Low
Risk: There is no envisaged risk as the project target beneficiaries does not include IPs.	Low	Low
Mitigations: There is no envisaged risk as the project target beneficiaries does not include IPs.		
Labour and Working Conditions	Moderate	Low
Risk: The risks are child labour due to high school drop-out rates, working during school holidays, heavy labour burden on women, occupational health/injuries, risks during NRM works, and poor working conditions of workers working with partners and service providers.	Moderate	Low

Mitigations: The ECSMP matrix provides for elaborate mitigation and monitoring/surveillance measures to prevent/limit child labour, occupational health and safety as well as poor working conditions. The project is also promoting the GALs methodology at household level to encourage sharing of labour roles at farm and household levels, to reduce the burden on women and create awareness on GBV prevention.		
Community Health and Safety	Moderate	Low
Risk: Potential health and food safety concerns along the selected value chains from production to consumption of the selected value chains. For example high aflatoxin content of groundnuts and other grains; Increased agricultural productivity from the use of inorganic and pesticides will result in increased use of agrochemicals. Poor agrochemical handling and application will increase the risks to the health of pesticide-exposed people and agricultural product consumers. Women's increased domestic workload continues to endanger their health and nutrition. This can be exacerbated by allowing women to participate in labor-intensive activities. There is a possible risk of gender-based violence.	Moderate	Low
Mitigations: - Where inorganic fertiliser cannot be avoided, precise application techniques to be promoted - Promote the use of organic fertilisers particularly for home gardens, the main source of vegetables for household use - Tailored training on food safety to farmer groups based on specific risks of specific value chains The project will create awareness on GBV prevention, management and reporting using the protocols provided for by the Ministry of Health. As well prevention of HIV/AIDS. Promote use of organic fertilizers, integrated pest management and safe use of chemicals.		
Physical and Economic Resettlement	Low	Low
Risk: No risk envisaged	Low	Low
Mitigations: No risk envisaged		
Greenhouse Gas Emissions	Low	Low
Risk: Secondary forest carbon sinks may be reduced as a result of land clearing for agriculture resulting from land use change thereby contribute to anthropogenic climate change.	Low	Low
Mitigations: - The promotion of good agricultural practices and soil fertility enhancement will also promote carbon sequestration in soil organic matter. - Promotion of clean energy technologies will help to reduce GHG emissions. - Project will promote NRM, including afforestation		
Vulnerability of target populations and ecosystems to climate variability and hazards	Substantial	Moderate
Risk: The reliance on rainfed agriculture, low adoption of climate smart practices/technologies makes the targeted population and infrastructure vulnerable to climate shocks, as demonstrated by the recent Cyclones Idai and Freddy.	Substantial	Moderate

Mitigations: <ul style="list-style-type: none"> - Strengthen research, development and farmer evaluation of climate adapted and nutrition dense crop varieties, new climate resilient livestock production technologies. - Early warning systems for shocks. - Increase promotion and adoption of climate smart and shock resilient production systems and technologies, sustainable management of productive resources (soil, land and water). - Soil and water conservation, conservation agriculture and raising environmental awareness. - Ensuring climate resilience Good Agricultural Practices (GAPs) or technologies are developed and refined to meet the needs of various farmer agro ecologies. - Strengthen agricultural extension delivery. - Improve the implementation of farmer-created research trials. - Improving capacity will also increase smallholders' knowledge base for managing climate change-related risks. - Target districts are not the most exposed 		
Stakeholders	Moderate	Low
Stakeholder Engagement/Coordination	Moderate	Low
Risk: Weak inclusion of stakeholder in the design and implementation of the project results in poor ownership and potential duplication of efforts with other development partners. Inadequate inclusion also leads to inability of stakeholders to take decisions related to the programme as well as to voice their opinions and concerns.	Moderate	Low
Mitigations: Stakeholders were consulted extensively during the concept note preparation process. A stakeholder engagement plan will be developed during project design to identify various stakeholders, how they will be engaged, information feedback loops, and communication channels.		
Stakeholder Grievances	Moderate	Low
Risk: Inadequate or delayed activation of grievance/complaint redress mechanisms, resulting in unresolved stakeholder complaints, which may result in low motivation and project participation. This could jeopardize project implementation and the achievement of project development goals.	Moderate	Low
Mitigations: SAPP II will train project staff and senior government representatives from lead project executing agencies to effectively engage stakeholders and provide feedback on IFAD investments. A grievance redress mechanism will be created for the project to provide a channel for complaints.		

Malawi

Sustainable Agricultural Production Programme - Phase 2 Project Design Report

Annex 10: Exit Strategy

Mission Dates: 12 - 23 June 2023

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Project No. 2000004511

Report No. 6603-MW

East and Southern Africa Division
Programme Management Department

Annex 10: Exit Strategy

OUTPUT(S)/STRATEGIC TARGETS	REASON FOR SUSTAINABILITY	PROPOSED MECHANISMS/ACTIVITIES	RESPONSIBLE INSTITUTION (S)	TIMELINE
Output 1: Adaptive research implemented	Adaptive research is key to ensuring that relevant technologies are available to SAPP II target beneficiaries. As such, there would be need to continue with the interventions being implemented under SAPP II after program closure.	<ul style="list-style-type: none"> Develop a financing strategy for adaptive research activities Implement a financing strategy for adaptive research activities Establish partnerships with research institutions engaged in breeding programs similar to those implemented under SAPP II Include some of the breeding programs on the government ORT budget 	DARS & DAES	2025 to 2026
			DARS	From 2026
			DARS	On going
			DARS	From 2026
Output 2: Trainings and Farmer Field Schools implemented	Farmer Field Schools would be key to transferring improved technologies to SAPP II target beneficiaries. As such to ensure that adoption of technologies is sustained after SAPPII; mechanisms have to be put in place to ensure that farmers' issues are addressed.	<ul style="list-style-type: none"> Internalize Farmer Field Schools (FFS) in DAESS activities, work plans and budgets and programming Include off-FFS short term trainings on specific topics on district, ADD and Departmental ORT budget 	DAES	2025 to 2029
			Districts, ADDs and Technical Departments	2026 to 2028
Output 3: Community Based Breeding Program(CBBP) enhanced	CBBP is one method of ensuring that livestock breeds are improved. If appropriate mechanisms are not put in place after SAPP II, then productivity of livestock breeds promoted under SAPP II would go down.	<ul style="list-style-type: none"> Develop a district level manual and guidelines on community based breeding program (CBBP) Internalize CBBP in district and ADD activities, work plans and budgets and programming Establish community breeding committee to run community based breeding programme – own breeding bucks, select breeding bucks, manage sub committees 	DAHLD	Ongoing
			DAHLD	2027 to 2028
			DAHLD	On going
Output 4: Farmer Challenge Fund implemented	The farmer challenge fund is one means that farmers under SAPP II would have to achieve certain objectives which they would not on their own. Closure of the program would also mean closure of the FCF. As such, mechanisms have to be put in place to ensure that other farmers intending to	<ul style="list-style-type: none"> Document best practices from implementation of the Farmer Challenge Fund (FCF) Upgrade the FCF to a revolving fund where farmers would be expected repay with a little interest Link FCF beneficiaries with financial institutions 	DAPS & DAES	On going
			DAES	From 2026
			DAES	On going

OUTPUT(S)/STRATEGIC TARGETS	REASON FOR SUSTAINABILITY	PROPOSED MECHANISMS/ACTIVITIES	RESPONSIBLE INSTITUTION (S)	TIMELINE
	achieve higher objectives in agriculture have access to the FCF.			
Output 5: Seed Systems sustained	A sustainable seed system is key to improving agricultural productivity. Hence the need to put in place means that would ensure that farmers have access to quality seed after closure of SAPP II.	<ul style="list-style-type: none"> Establish community-based seed multiplication schemes i.e. own contributory revolving fund; community based seed multiplication programs Engage the services of agro-dealers using guidelines applicable under the ministry's partnership or contractual agreements. This will include input suppliers/agro-dealers to encourage the commercialization of inputs needed for seed production (fertilizers, seeds, herbicides, tools, implements etc.). 	DAES & DCD	2026-2027
Output 6: Sustainable land management (SLM) interventions by all stakeholders integrated in Climate Smart Agriculture	Adoption of SLM technologies among farmers is generally benefits driven, most of which are not realized in the short term. Hence there is need to ensure that there are mechanisms that would promote SLM activities after the program.	<ul style="list-style-type: none"> Facilitate establishment of catchment conservation and water conservation committees which will ensure resources for continued presence of community agroforestry nurseries is present and SLM is practiced. Facilitate development of by-laws to enforce compliance and adherence to SLM practices. Promote community initiatives at Group Village Headman levels such as introduction of trophies for the best catchment that has been well conserved 	<p>DLRC</p> <p>Local Leaders (Village heads, GVH, TAs)</p> <p>DLRC</p>	<p>2025-2026</p> <p>On-going</p> <p>2025-2026</p>

Malawi

Sustainable Agricultural Production Programme - Phase 2

Project Design Report

Annex 11: Mainstreaming themes – Eligibility criteria checklist

Mission Dates: 12 - 23 June 2023

Document Date: 17/11/2023

Project No. 2000004511

Report No. 6603-MW

East and Southern Africa Division
Programme Management Department

Mainstreaming themes – Eligibility criteria checklist						
	<input checked="" type="checkbox"/> Be gender transformative	<input type="checkbox"/> Be youth sensitive	<input checked="" type="checkbox"/> Be nutrition sensitive	<input type="checkbox"/> Prioritize persons with disabilities	<input type="checkbox"/> Prioritize indigenous peoples	<input checked="" type="checkbox"/> Include climate finance <input checked="" type="checkbox"/> Build adaptive capacity
Situation analysis	<input checked="" type="checkbox"/> National gender policies, strategies and actors <input checked="" type="checkbox"/> Gender roles and exclusion/discrimination <input checked="" type="checkbox"/> Key livelihood problems and opportunities, by gender	<input type="checkbox"/> National youth policies, strategies and actors <input checked="" type="checkbox"/> Main youth groups <input type="checkbox"/> Challenges and opportunities by youth group	<input checked="" type="checkbox"/> National nutrition policies, strategies and actors <input checked="" type="checkbox"/> Key nutrition problems and underlying causes, by group <input checked="" type="checkbox"/> Nutritionally vulnerable beneficiaries, by group	<input type="checkbox"/> National policies, strategies and actors <input type="checkbox"/> Main groupings among PwDs <input type="checkbox"/> Context-based barriers and opportunities for PwDs	<input type="checkbox"/> International standards, national policies, strategies and key IPs' organizations <input type="checkbox"/> Main IPs communities, demographic, social, cultural and political characteristics <input type="checkbox"/> Important livelihoods constraints and opportunities for IPs and their cultural heritage	
Theory of change	<input checked="" type="checkbox"/> Gender policy objectives (empowerment, voice, workload) <input checked="" type="checkbox"/> Gender transformative pathways <input checked="" type="checkbox"/> Policy engagement on GEWE	<input type="checkbox"/> Pathways to youth socioeconomic empowerment <input type="checkbox"/> Youth employment included in project objectives/activities	<input checked="" type="checkbox"/> Nutrition pathways <input checked="" type="checkbox"/> Causal linkage between problems, outcomes and impacts	<input type="checkbox"/> Pathways to PwDs' socioeconomic empowerment using a twin-track approach	<input type="checkbox"/> Pathways to IPs' socioeconomic empowerment	
Logframe indicators	<input checked="" type="checkbox"/> Outreach disaggregated by sex, youth and IPs (if appropriate) <input checked="" type="checkbox"/> Women are > 40% of outreach beneficiaries <input checked="" type="checkbox"/> IFAD empowerment index (IE.2.1)	<input type="checkbox"/> Outreach disaggregated by sex, youth and IPs (if appropriate) <input type="checkbox"/> Persons with new jobs/employment opportunities (CI 2.2.1)	<input checked="" type="checkbox"/> Outreach disaggregated by sex, youth and IPs (if appropriate) <input checked="" type="checkbox"/> Targeted support to improve nutrition (CI 1.1.8) Outcome level CIs <input checked="" type="checkbox"/> CI 1.2.8 MDDW <input type="checkbox"/> CI 1.2.9 KAP	<input type="checkbox"/> Outreach disaggregated by sex, youth, disability and IPs (if appropriate)	<input type="checkbox"/> Outreach indicator disaggregated by sex, youth and IPs <input type="checkbox"/> IPs are > 30% of target beneficiaries	
Human and financial resources	<input checked="" type="checkbox"/> Staff with gender TORs <input checked="" type="checkbox"/> Funds for gender activities <input checked="" type="checkbox"/> Funds for IFAD empowerment index in M&E budget	<input type="checkbox"/> Staff with youth TORs <input type="checkbox"/> Funds for youth activities	<input checked="" type="checkbox"/> Staff or partner with nutrition TORs <input checked="" type="checkbox"/> Funds for nutrition activities	<input type="checkbox"/> Staff with disability inclusion-specific TORs <input type="checkbox"/> Funds for disability inclusion-related activities (including accessibility)	<input type="checkbox"/> Staff with IPs-specific TORs <input type="checkbox"/> Funds for IPs related activities, including FPIC	IFAD Adaptation Finance \$5,490,000 IFAD Mitigation Finance \$1,935,000 Total IFAD Climate-focused Finance \$7,425,000

ECG Remarks	<p>Gender SAPP II aims to be gender transformative and meet required thresholds as provided for the mainstreaming tracking tool</p> <p>Nutrition SAPP II aims to be nutrition sensitive and meet required thresholds as provided for the mainstreaming tracking tool</p> <p>Youth NA</p> <p>Persons with Disabilities NA</p> <p>Indigenous Peoples NA</p> <p><input type="checkbox"/> No social inclusion themes</p>
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Malawi

Sustainable Agricultural Production Programme - Phase 2

Project Design Report

Annex: Sapp II Post DRM Compliance Note

Mission Dates: 12 - 23 June 2023

Document Date: 17/11/2023

Project No. 2000004511

Report No. 6603-MW

East and Southern Africa Division
Programme Management Department

SAPP II
DRM Decision Memo – Compliance Note
18 October, 2023

Comment	PDT Feedback
Scaling Up	<p>PDR has been strengthened with additional information on SAPP achievements – especially the development of 10 technologies that are market ready. Reference has been made to the SAPP Technology Adoption Report (ref – SAPP II Rationale)</p> <p>Reference has been made to the SAPP achievements – para 18. Also reference to the SAPP Technology Adoption Report (ref – SAPP II Rationale)</p>
Scope of SAPP II vs. SAPP	<p>PDR has been strengthened to i) acknowledge that the commercialization agenda is being pursued within a context of high poverty & food insecurity, ii) indicate that SAPP II in-fact presents a framework for differentiated support to the beneficiaries – food security stabilization (mostly comp 1) for the food insecure – and commercialization for the market-ready.</p> <p>A table has been included in the PDR to illustrate the expansion strategy</p> <p>Reference has been made to the SAPP achievements – para 18. Also reference to the SAPP Technology Adoption Report (ref – SAPP II Rationale). PDT acknowledges that this was not clear in the previous iteration.</p>
Food security & Commercialization focus	<p>PDR has been strengthened to i) acknowledge that the commercialization agenda is being pursued within a context of high poverty & food insecurity, ii) indicate that SAPP II in-fact presents a framework for differentiated support to the beneficiaries – food security stabilization (mostly comp 1) for the food insecure – and commercialization for the market-ready.</p> <p>In addition, a paragraph has been included in the PDR explaining the commercialization focus (para 44). SAPP II commercialization strategy will therefore focus on i) market focused research and development to enhance the production of diversified higher value commodities, ii) value addition with attention to food safety and standards, iii) market linkages through various platforms including productive alliances and iv) enabling environment to crowd-in private sector players into agriculture value chains.</p>

Lessons learnt	PDR section has been strengthened significantly including reference to CSPE and Impact Assessment by RIA.
KM Strategy & Plans	<p>PDR has been strengthened with the below (para 18 & the relevant PDR section on innovation, scaling up & knowledge management)</p> <p>The overall goal of the Sustainable Agriculture Production Programme (SAPP) was to contribute to reduction of poverty and improved food security among the rural population. Overall, SAPP was effective in building agriculture development systems i.e. i) 10 crop production technologies and approaches that are market ready (SAPP Technology Study 2023), ii) training farmers on good agriculture practices with significantly higher adoption than non-beneficiaries such as on use of non-tillage, grass strips and swales during land preparation, use of crop residues, improved fallow and compost, together with use of legume cover crops and crop rotation, iii) strengthening farmer-research-extension linkages for context and tailored research that responds to farmer challenges and market demand. Over 70 percent of households reported an improvement in soil fertility and agriculture production. A solid network of over 15 000 lead farmers have been equipped to support the dissemination of Good Agriculture Practices. 88 percent of farmers reported adoption of new/improved inputs, technologies or practices, while over 68 000 were trained in business management and income generating activities. Essentially, SAPP has been critical in establishing systems (extension), productive assets (technologies) and capacities (GAPs, business skills), upon which the agriculture commercialization agenda can take off.</p> <p>In addition, the policy focus of SAPP II is fully complementary of the SAPP results & experience. Para 91 in the PDR - <i>smallholders Mechanization, Contract Farming, Horticultural Development, Code of Conduct for Agro-dealers, and ancillary regulations, also highlighting gender dimensions in these policies.</i></p>
Targeting	<p>A write up has been included with the socio-economic profile of the SAPP target groups (ref PIM – pg 6)</p> <p>Reference to MEGA-farms has been included and it has been clarified that this concept is still at the infancy stage. There is currently no policy document on the Mega Farms as this is still under discussion and ICO will continue to assess under a clear policy position has been pronounced by the Government.</p> <p>However, the support to commercialization will ensure that smallholder farmers will be better equipped to act as out-growers under the Mega-farms initiative. The priority value chains under SAPP II align with the value chains under the mega farms initiative.</p>
Gender transformative results	A specific lesson has been included on gender empowerment

Nutrition	The PDR component write up has been strengthened with specific nutrition-focused interventions, and the relevance of nutrition to the selection of value chains, and implementation of the commercialization activities.
Cook stove	PDT suggests to retain this activity for reducing women workloads which is one of the targets set by the IFAD Gender policy – that we review as set out in the Performance rating criteria.
Farmer Challenge Fund	<p>The PDT has maintained the arrangements under the FCG as there is an ongoing portfolio restructuring exercise with Government which will result in the consolidation of all matching grants under the Ministry of finance, and under implementation by competence financial institutions. EFA does not anticipate any grants to be awarded in 2024, hence there will be plenty of time to integrate the FCF under the new Financing Facility.</p> <p>The NSO will only serve as a demonstration for how IFAD can work through banks, and how to ease the debt distress situation of the Government. However, the selected crops under the NSO (Tea & Macadamia) are well structured markets that do not require IFAD intervention. Hence it will be difficult to align the NSO to SAPP II, especially given the need to ensure a continued poverty focus. But the NSO is playing a critical demonstration effect – and possibly stimulating NBS to lend its own money towards the agriculture sector.</p>
IFAD Financing and Financing Gap	Modular implementation is confirmed by the PDT and financing gap is mostly on the FCF which does not compromise implementation
Crisis and disaster risk reduction component	Response to Emergency and Disaster Component has been included (para 94), although considering the time constraints and need for consultations, the start-up plan includes the elaboration of a framework for Response the Emergency and Disaster Component as part of the PIM finalization
Theory of Change & Log frame	<p>Theory of change has been significantly revised</p> <p>Log frame: About the household wealth index or generally the project goal indicators, these are indicators at national level and the changes might not be directly impacted by the project. The indicator on wealth creation is not going to be estimated at the project level but the data will come from the national surveys. PDT suggests that this indicator could be kept to give us an idea on how wealth has improved among rural households and this was actually proposed and discussed with the Ministry.</p> <p>Data will be collected from the national survey report that produces this indicator. The survey is the demographic and health survey conducted by the National Statistical Office and is the only survey that measures wealth level (creation) in Malawi. See attached on page 21 (table 2.5) for the wealth index distributed between urban and rural areas and also at national level.</p>
Procurement	Mitigation measures have been introduced in the IPRM and the PDR text
Financial Management	Addressed

	<ol style="list-style-type: none">1. Start-Up Plan has been prepared (ref PDR para 174)2. Institutional Roles & Responsibilities have been elaborated (ref PIM pg 14)
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Malawi

Sustainable Agricultural Production Programme - Phase 2 Project Design Report

Annex: Secap Targeted Adaptation Assessment Report

Mission Dates: 12 - 23 June 2023

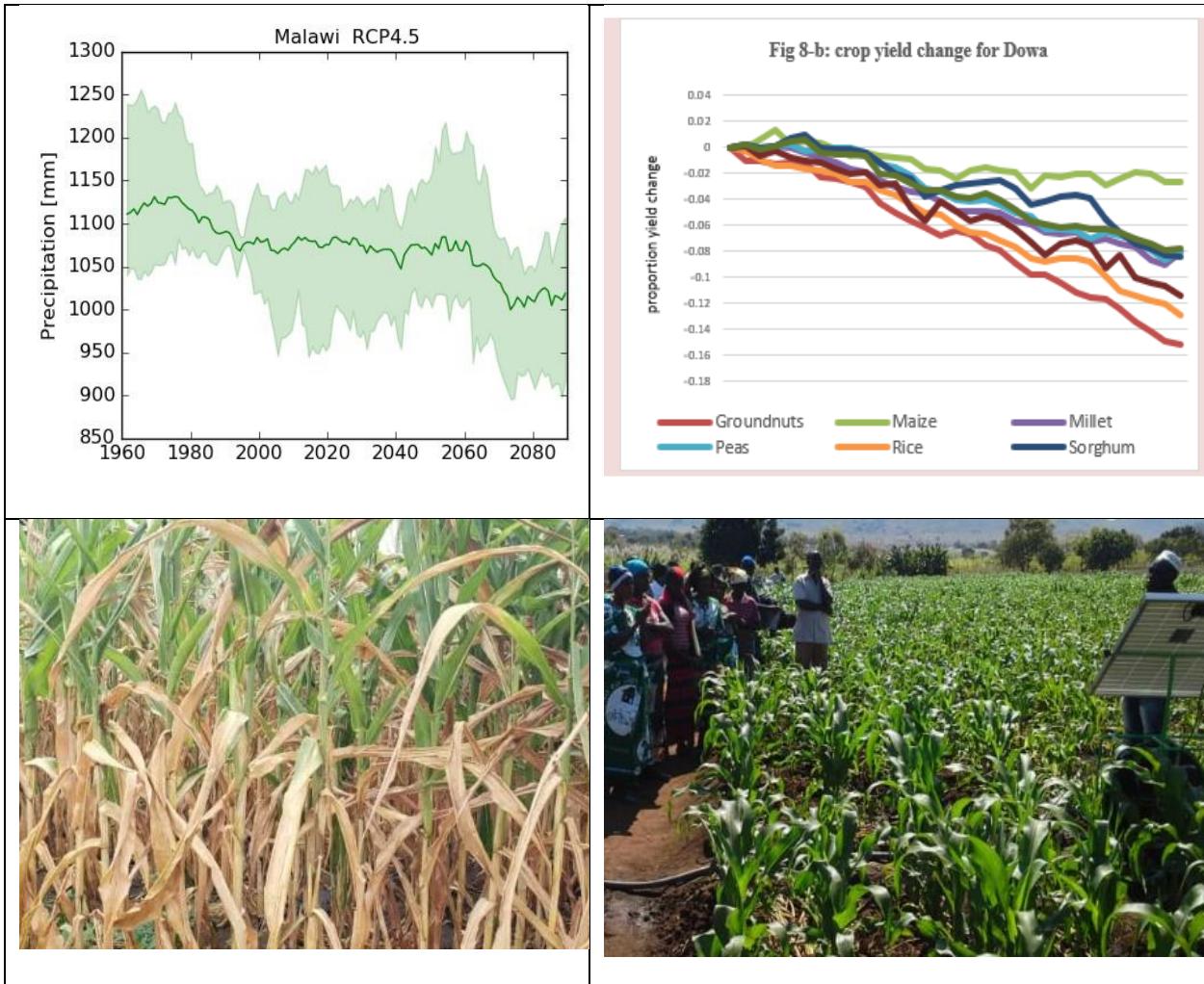
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Report No. 6603-MW

East and Southern Africa Division
Programme Management Department

SECAP Targeted Adaptation Assessment Report



July 2023

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Executive Summary

The agriculture sector remains a key contributor to the Malawi economy, employing around 85% of the workforce, contributing 40% of GDP and 80% of export earnings. However, the sector still faces a number of challenges. For instance, the country is heavily dependent on rain fed agriculture, farmers hold small land sizes, soil are highly degraded, farmers have limited access to improved farm inputs and technologies, extension services, and face high post-harvest losses. In addition to these challenges, the situation is further compounded by the effects of climate change. The most significant climate risks include late start and short rainy seasons, increased frequency and intensity of droughts, floods and cyclones. Between 2020 and 2023, three intensive cyclones hit Malawi. In 2023 alone, Cyclone Freddy affected over 2.5 million people, with over 179,000 hectares of crop fields destroyed.

The Sustainable Agriculture Productivity Programme II (SAPP II) has been designed to contribute towards wealth creation and improve food and nutrition security among the rural population of Malawi. SAPP II will address some of the strategic constraints: i) land degradation and low soil fertility, ii) limited access to better technologies and farm inputs, iii) limited access to markets and value addition opportunities, iv) limited access to productive resources and economic empowerment for youth and women to engage in micro-enterprises and derive employment; v) limited generation and access to climate change information for informed decision making; and, vi) limited institutional capacity in disaster risk management.

In this case SAPP II is well aligned with the Malawi Vision MW2063, which aims to transform the country into a wealthy and self-reliant industrialised upper-middle-income country by the year 2063; the National Agricultural Policy (GoM 2016) which aims to achieve sustainable agricultural transformation, expanding incomes for farm households, improved food and nutrition security and increased agricultural exports. SAPP II is also well aligned to the National Climate Change Management Policy (GoM 2016), the updated National Determined Contribution (2022) and the National Resilience Plan (2017), which together outline adaptation, mitigation, capacity building for climate change programming and DRM management.

Realising that Malawi already faces the brunt impacts of climate change and following the SAPP II climate risk classification as *Substantial*, a Targeted Adaptation Assessment (TAA) report has been developed to support SAPP II implementation. The TAA highlights the current and future projected climatic changes, associated climate risks, potential impacts and respective adaptation options to reduce the impacts of climate change on the project beneficiaries and interventions.

The analysis found that selected districts, particularly Balaka are vulnerable to climate change impacts due to increased drought occurrence and cyclones. Sensitivity was high for all districts due to high population densities and dependency of livelihood on agriculture sector. Limited irrigation infrastructure in all districts also affected the adaptive capacities of the communities. The analysis also project temperature rise in Balaka of up to 1.35 °C by 2050 when compared to 2020 and precipitation decrease of up to 40mm are expected by 2050 compared to 2020. Lilongwe, Dowa and Mzimba will experience temperature rise by 1.2 °C in 2050 compared to 2020. Such changes have a negative impact on the agricultural sector. For instance, by 2050, yield loss of 6 -15% is projected in selected crops, thus without appropriate adaptation

interventions would exacerbate high food insecurity and poverty levels among poor small-scale farmers.

Based on the climate risks and projected impacts, adaptation options that will guide and climate proof SAPP II interventions and ensure sustainability beyond the project period and enhance community adaptive capacity, build resilience and capacity to plan and manage disasters have been recommended.

1.0 Introduction

1.1 Brief background

The agriculture sector plays a critical role in Malawi's economy, it contributes to around 40% of the national GDP, accounts for up to 80% of commodity exports and 85% of total workforce (IFAD 2022). The fact that over 84% of the population live in rural areas of which 92.8% depend on agriculture (NSO 2020) suggests that sustainable interventions in agriculture would have a significant impact in improving food security and poverty reduction (IFAD 2022).

However, the agriculture sector in Malawi still faces a number of challenges. Crop and livestock productivity is low compared to potential yields and this leads to high food insecurity. Several factors contribute to the sub-optimal performance of Malawi agricultural sector. These include: a) country's overdependence on rain fed agriculture; b) limited and weak extension services; c) inadequate financial and investments in the agriculture sector, which impact agricultural research, extension and veterinary services; d) poor land management practices leading to high land and soil degradation rates; e) weak access to improved farm inputs and poor technology uptake; f) limited capacity to undertake disease and pest surveillance; g) high post-harvest losses; h) poor access to finance and weak linkages to markets; and, i) increasing adverse climatic conditions, coupled with low adaptive capacity.

Despite the challenges, the sector agriculture is still considered a critical and important sector in the Malawi national development plans. The Government of Malawi (GoM) has put in place policies and strategies to guide the development of the agriculture sector and build its resilience to climate change. The country's economic blueprint, the Malawi Vision 2063 (GoM 2020) envisions "*an inclusively wealthy and self-reliant nation*" by 2063. The Vision highlights agricultural productivity and commercialisation as one of its three main pillars. The Agriculture and productivity pillar aim to promote economic development by among others enhancing agricultural productivity through access to improved seeds, expanding irrigation and promoting commercial farming.

In the agricultural sector, the National Agricultural Policy (GoM 2016) defines and provides a high-level framework for development of the agricultural sector in Malawi. The National Agriculture Policy (NAP) seeks to achieve sustainable agricultural transformation, expand farm household incomes, improve food and nutrition security and increase agricultural exports by creating a conducive environment for development of the sector. To guide agricultural investments, the government also formulated the National Agriculture Investment Plan (GoM 2018). The National Investment Plan (NAIP) has four broader programme areas that include: policy and institutional coordination; resilient livelihoods and production systems; production and productivity growth; and markets and value chains (GoM 2018).

In addition to Vision 2063, NAP and NAIP, the Malawi Government has also formulated climate change related planning documents and strategies. These include the National Climate Change Management Policy (GoM 2016), the updated National Determined

Contribution (GoM 2021) and the National Resilience Plan (GoM 2017). The National Climate Change Management Policy (NCCMP) provides strategic direction for Malawi's priorities in climate change management and outlines institutional framework for the application and implementation of adaptation, mitigation, technology transfer and capacity building. The updated NDC builds upon the NCCMP to tackle climate change through the development of both mitigation and adaptation responses. The National Resilience Strategy (NRS) envisions a free of chronic vulnerability, food and nutrition insecurity. The NRS has four pillars which include: a) resilient agriculture; b) risk reduction and disaster risk management; c) human capacity development; and d) catchment protection and management.

The collaboration between IFAD and GoM through SAPP II will contribute to resolve some of the outlined challenges and contribute to achieving the national development goals. SAPP II will address barriers to increasing agricultural production and productivity, enhancing rural livelihoods, food and nutrition security through: i) improved management of natural resources; ii) improved access to productive assets with appropriate technologies and support services; and iii) strengthened institutional and policy capacities among others. SAPP II is thus well aligned with Government of Malawi policies and strategies. SAPP II will draw lessons from previous and on-going IFAD and other government investments such as the Sustainable Agriculture Productivity Programme (SAPP), Programme for Rural Irrigation Development (PRIDE), Transforming Agriculture through Diversification and Entrepreneurship (TRADE), Financial Access for Rural Markets, Smallholders and Enterprise (FARMSE), Agricultural Commercialisation Programme (AGCOM).

1.2 Programme Summary

1.2.1 Project goal

SAPP II goal is to contribute towards wealth creation and improve food and nutrition security among the rural population of Malawi. The development objective is to commercialise and enhance the resilience and productivity of smallholder farming systems of rural men, women and youth in selected districts of Malawi by 2030.

SAPP II will address the following strategic constraints: i) land degradation and low soil fertility, ii) limited access to better technologies and farm inputs, iii) inadequate outreach for extension services and technical skills; iv) limited access to markets and value addition opportunities, v) high post-harvest losses, vi) limited access to productive resources and economic power for youth and women to engage in micro-enterprises and derive employment; vii) limited households knowledge on production and consumption of nutritious food; and viii) limited generation and access to climate change information and utilisation, ix) limited institutional capacity in disaster risk management.

1.2.2 Project beneficiaries

The project interventions will directly benefit 80,000 rural households, translating to 400,000 beneficiaries, considering that the average HH size is 5. In addition, a further 89,448 HH will be reached during SAPP II implementation as a result of the livestock pass-on programme that will be continued in the two SAPP districts. Beneficiaries under the main agricultural component will include 40,000 men, 40,000 women and at least 24,000 youth (18-35 years). The project indirect beneficiaries would be much higher from increased employment opportunities, linkage to market opportunities and increased access to climate information for better decision making and disaster risk management.

1.2.3 Project components

Component 1: Increased smallholder productivity and climate resilience: This component seeks to provide support to enhance market oriented production systems (both crops and livestock), while sustainably conserving the natural resource base, building climate resilience and fulfilling basic household food and nutrition needs. The component has three (3) sub-components which include:

Sub-component 1.1: Inclusive value chain and market assessment conducted: Under this sub-component potential value chains will be assessed and selected based on a set criterion, which may include: i) easily produced by most beneficiaries, ii) market opportunities, iii) positive gross margins, iv) resilient to climate change, v) opportunities for participation of youth and women, vi) nutrition improvement potential.

Sub-component 1.2: Enhanced capacity for climate-smart, nutrition-sensitive production systems and gender transformative approaches: The sub-component will seek to upscale GAPs and CSA technologies, through improved training, extension services, and support to access inputs. In addition to upscaling the GAPs, the component will support adaptive research based on emerging challenges and needs. The sub-component will further enhance nutrition education and nutrition-sensitive production for most vulnerable households, such as PLWHAS and children under 2 years, etc.

Sub-component 1.3: Sustainable management of productive resources (soil, land and water) enhanced: Due to high levels of degradation resulting into soil erosion, sedimentation in rivers, and loss of biodiversity which threaten agricultural production and exacerbates community's sensitivity to climate impacts, this sub-component will focus on management and restoration of the natural resource base on which farming production depends on. The expected outcomes from this component include: (a) improved forest cover, (b) decreased soil erosion, (c) decreased silt load into rivers, and (d) improved biodiversity conservation.

Component 2: Commercialisation of smallholder farming systems promoted: This component seeks to integrate value chain actors and market systems by strengthening farmer organisations to access value chain financing as well as market linkages. The component has the following sub-components:

Sub-component 2.1: Strengthened farmer organizations: Farmer organisations (FOs) will be identified; and supported as necessary for improved democratic and market-oriented functioning. FOs will serve as platforms for organizing collective access to inputs and bargaining, aligning production to buyer's needs, aggregation of commodities, and any pre-selling processing activities. The Malawi Bureau of Standards will be engaged to ensure quality control and food safety.

Sub-component 2.2: Market linkages to unlock value promoted: This sub-component will address constraints including development and operationalizing production planning and aggregation strategies, quality management, market information support, creation of value chain, value addition and post-harvest loss management for enhance produce quality and sustained quality.

Sub-component 2.3: Farmer Challenge Fund (FCF) operationalized: This sub-component will operationalize the Farmer Challenge Fund (FCF) to provide financial resources to implement improved agricultural production systems by local farmer groups. The aim of the FCF is to provide sustainable financing to producer groups to address constraints that hinder competitiveness of targeted value chains under SAPP II. The FCF will be matching grants and will target two windows: a) **Production window**, which will finance producer groups that face constraints related to improving production and productivity, with needs in accessing improved seed varieties, animal genetics and breeds, equipment and assets for land preparation and post-harvest handling. b) **Agro-processing and value addition window**, which will prioritise financing towards purchase of assets and equipment for commodity processing in the target value chains, as well as improve quality standards as part of market integration.

Component 3: Strengthened institutional capacity and knowledge management systems: To effectively deliver on SAPP II implementation, the project will strengthen key GoM institutions, both at national and district levels. This component has two sub-components which include:

Sub-component 3.1: Capacity of staff and partner institutions strengthened for SAPP II Coordination, Knowledge Management and M&E: SAPP II will support capacity building activities to facilitate effective implementation and outreach to targeted project beneficiaries. The capacity building activities will include complimenting the PMU with additional staff where needed in areas of monitoring and evaluation, procurement, agribusiness, grants management, environment and climate change, gender, nutrition and social inclusion, knowledge management and communication. SAPP II will also undertake capacity building of partners at the district level to strengthen project implementation.

Sub-component 3.2: Institution capacity building and policy engagement for resilient and market-oriented food systems enhanced: The project will facilitate review for updating of national policies, strategies and regulations that support smallholder farmers and commercialisation of agricultural production. Main areas of support may include contract farming, horticultural development, Code of Conduct for Agro-dealers, and Disaster risk management.

1.3 Purpose of this study

Following the IFAD Social Environmental and Climate Analysis Procedures (SECAP), SAPP II was classified as a ***substantial*** climate risk project. As required by IFAD, any climate risk classification other than the “***low***” classification requires specific guidance on how to climate proof IFAD supported investments. In this case for SAPP II, a Targeted Adaptation Assessment (TAA) was required.

The purpose of this assessment report was therefore to identify potential climate hazards, highlight future climate change risks in selected regions as well as to identify and recommend the key adaptation options to address to build resilience. A Targeted Adaptation Assessment aims to provide guidance during project implementation and ensure that the investments made are cushioned against climate change impacts, hence enhancing financial feasibility and sustainability of the project results. Along with the risk assessment, the report also describes the status of climate change related policy and strategy implementation in Malawi and factors that exacerbate community’s vulnerability to climate change.

The rest of this report is structured as follows. **Section 2** highlights the methodology approach undertaken. **Section 3** describes in brief some of the national related efforts such as policies and strategies relating to agriculture and climate change management in Malawi. **Section 4** highlights the climate vulnerability drivers, climate risk and impact analysis; suggested adaptation options are presented in **Section 5**. **Section 6** gives suggestions on how the TAA maybe mainstreamed in project implementation; and the conclusions of the study are presented **in section 7**.

2.0 Methodological approach

This section briefly highlights the approach undertaken in the assessment. A brief desk literature review was undertaken to understand the background contexts to agriculture in Malawi, including the related policies and strategies in agriculture and climate change. The literature reviews further focused on identifying the types and extent of climate change disasters occurring in Malawi, including in the selected projected sites and factors that exacerbates vulnerability of communities to climate change.

Data on past, current and future climate trends (temperature, precipitation) was sourced from regional climate data: http://regioclim.climateanalytics.org/documentation#doc_RCMat RCP 4.5 using REMO, CCLM4, RACMO and RCA regional models (Climate Analytics 2016); and the World Bank Climate Knowledge Portal

<https://climateknowledgeportal.worldbank.org/country/malawi/extremes> (WB 2018). Data on climate crop impact assessment for the selected value chains was sourced from the Climate Adaptation in Rural Development Assessment Tool: <https://www.ifad.org/en/web/knowledge/-/climate-adaptation-in-rural-development-card-assessment-tool-1> (IFAD 2019).

Identification of adaptation options were done through key informants; discussions with government technical officials; review of SAPP Adaptation options report (GoM 2019); from the IFAD Adaptation technology database; Extension and Training Guide on Climate Smart Agriculture for Extension Workers in Malawi (GoM 2018); the updated National Determined Contribution (GoM 2021); the National Agriculture Policy (GoM 2016); the National Agriculture Investment Plan (GoM 2019) and the National Climate Change Management Policy (GoM 2016). Adaptation selection criteria is further described under **section 7**.

3.0 Agriculture and climate change related policies and strategies

3.1 Main agriculture related policies and strategies

As stated, the GoM has put in place some policies and strategies to guide the development of the agriculture sector and resilience to climate change. The Vision 2063 emphasizes on agriculture transformation by shifting from low productivity and subsistence oriented agriculture to a highly productive and commercialized agriculture system with manufacturing linkages. In seeking to improve agricultural productivity, the Vision 2063 recognizes the need for optimal utilisation of land, improved and sustainable land management practices, including promotion of climate smart and resilient agriculture technologies.

National Agricultural Policy (GoM 2016) defines the vision and provides a high-level framework for development of the agricultural sector in Malawi. The NAP intends to achieve sustainable agricultural transformation, expand incomes for farm households, improve food and nutrition security and increase agricultural exports by creating a conducive environment for development of the sector. In addition to production and productivity, NAP highlights the need for sustainable management of agricultural resources; resilience to climate change. To guide agricultural investments, the government further formulated the National Agriculture Investment Plan (GoM 2019) with four broader programme areas that include: a) policy and institutional coordination; b) resilient livelihoods and production systems; c) production and productivity growth; and d) markets and value chains (GoM 2019). Broadly, NAIP is crafted to contribute to the achievement of the NAP goal and the attainment of the Malabo Declaration. The main NAIP objectives are: a) broad based and resilient agricultural growth, improved well-being and livelihoods of Malawians; and improved food and nutrition security.

3.2 Main climate change related policies and strategies

In addition to the Malawi Vision 2063, NAP and NAIP, the GoM also formulated the climate change related planning documents which include the National Climate Change Management Policy (GoM 2016), the updated National Determined Contribution (GoM

2021) and the National Resilience Plan (GoM 2017). The NCCMP provides strategic direction for Malawi's priorities in climate change management and outlines an institutional framework for the application and implementation of adaptation, mitigation, technology transfer and capacity building.

The updated NDC outlines Malawi's climate change priorities for the period from 2020 - 2040 and has provided concrete strategies for addressing responding to the adverse effects and impacts of climate change. The NDC has highlighted and prioritised ten strategic adaptation options with objectives to: a) promote an enabling environment to facilitate Climate Change Adaptation (CCA) mainstreaming, b) improve capacity for data and information management and sharing, and access to technology and financing for adaptation, and c) plan and implement adaptation actions toward an increased resilience of the most vulnerable Malawians. To mitigate greenhouse gas emissions, renewable energy, regeneration, and reforestation are seen as primary drivers. Increased afforestation, reforestation, rehabilitation of degraded land, and implementation of sustainable land management are all part of Malawi's plan to reach land degradation neutrality by 2040.

The National Resilience Strategy (GoM 2017) envisions a free of chronic vulnerability, food and nutrition insecurity, where sustainable economic development creates opportunities for everyone, and where people are resilient to economic and environmental shocks that affect their lives and livelihoods. The NRS has four pillars which include: a) resilient agriculture; b) disaster risk management; c) human capacity development; and d) catchment protection and management. A brief overview of the main agricultural and climate change related policies and strategies are presented in **Table 1 below**.

Table 1: Highlights main agriculture and climate change related policies and strategies.

ID	Name of policy and strategy	How it relates specifically to livestock and climate change development
1	Malawi Vision 2063 (GoM 2020)	The country's economic blueprint aims to enhance economic growth by among others enhancing agricultural productivity, agricultural commercialisation, diversification, use of modern technologies, access to targeted agriculture insurance. The Vision also outlines how to ensure sustainable land management practices, including promotion of climate smart agriculture technologies
2	National Agriculture Policy (GoM 2016)	The main policy document for the agricultural sector. Has highlighted eight Policy Priority Areas (PPAs) to achieve sustainable agricultural

		transformation, expanding incomes for farm households, improved food and nutrition security and increased agricultural exports by creating a conducive environment for development of the sector. Policy has strong emphasis on farmer-led agricultural transformation and commercialisation by treating farming as a business, Like Vision 2063, NAP addresses sustainable management of agricultural resources and resilience to climate change.
3	National Agriculture Investment Plan (GoM 2019)	NAIP provides framework to guide agricultural investments. Its four programme areas that include: a) policy and institutional coordination; b) resilient livelihoods and production systems; c) production and productivity growth; d) and markets and value chains. NAIP is crafted to contribute to the achievement of the NAP goal and the attainment of the Malabo Declaration (African Union Zero Hunger initiative by 2025).
4	National Climate Change Management Policy (GoM 2016)	Sets the long-term goal for climate change management which is to reduce the socioeconomic impacts of adverse effects of climatic change. The policy outcomes include reduced vulnerability to climate change impacts through improved, social, economic and ecological resilience; reduced greenhouse gas emissions; increased awareness of climate change impacts, adaptation and mitigation measures; research, technology development and transfer and systematic; observations enhanced and strengthened and enhanced capacity to implement climate change related interventions.
5	Updated National Determined Contribution (GoM 2021).	Outlines mitigation and adaptation initiatives including support needed to reduce Malawi's climate vulnerability and enhance its economic

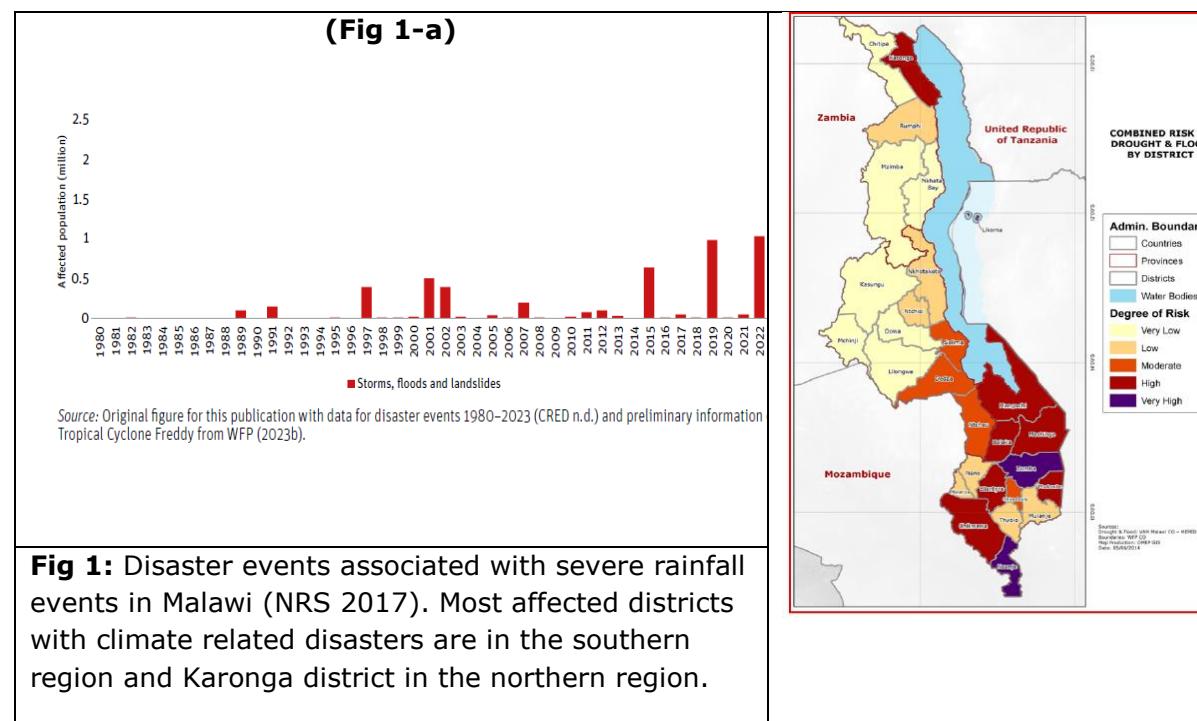
		resilience to the adverse effects of climate change. The updated NDC outlines Malawi's climate change priorities for the period from 2020 - 2040 and has provided concrete strategies for addressing the causes of climate change and responding to the adverse effects and impacts. NDC main objectives include a) promote an enabling environment to facilitate Climate Change Adaptation (CCA) mainstreaming, b) improve capacity for data and information management and sharing, and access to technology and financing for adaptation, and c) plan and implement adaptation actions toward an increased resilience of the most vulnerable Malawians.
6	National Resilience Strategy (2018).	Strategy has seven pillar which include: transformed agricultural sector into an engine for shared economic prosperity, food security and poverty reduction; scaled-up climate-resilient infrastructure, and enhanced climate-adaptation capacity of all stakeholders, through better access to climate information and early warning and response mechanisms that safeguard lives and livelihoods from shocks; Enhance public, private and community partnerships to safeguard Malawi's natural resource endowments and ecosystems that contribute to social and economic prosperity; strengthen government institutions, civil society, and private sector actors to adopt effective and accountable practices that prevent, mitigate, and respond to disasters, and promote long-term development.

4.0 Climate hazards and adaptive capacity

4.1 Identification of climatic hazards

Malawi is particularly prone to adverse climate hazards that include dry spells, droughts, intense rainfall, floods, strong winds and cyclones. Droughts, floods and cyclones, the most severe of the observed hazards, have increased in frequency and magnitude over the past twenty years, with dire consequences on food and water security, energy resources and livelihoods of the most rural communities. Within the last two years, three cyclones (cyclone Ana in January 2022, cyclone Gombe in March 2022, cyclone Freddy in March 2023) hit southern region of Malawi (WFP 2023).

Fig 1 below highlights how most common disasters have increased in the three (3) decades in Malawi. **Fig 1-a** shows climate related disasters affected over million people in Malawi in 2019 and 2022, the highest since 1980s. In 2023, the Cyclone Freddy affected more than 2.3 million people (WFP 2023). **Fig 1-b** shows the most affected districts in Malawi which are mostly found in southern region, with exception of Karonga district in the northern region.



4.2 Impacts of observed climatic hazards

From 1979 to 2008, more than 2,600 people perished due to natural disasters, and nearly 21.7 million people have cumulatively been adversely affected (GoM 2016). In 2015, the country was affected by the worst floods in 50 years (GoM 2018). The frequent

disasters impose on the country large costs for repairs and rebuilding, diverting scarce resources from other development needs. The 2015 floods resulted in over 280 deaths, 638,000 people affected, physical damages and economic losses of \$335 million (GoM 2016).

The 2019 floods resulted in 60 deaths, 975,000 people affected, physical damages and economic losses of \$220 million (GoM 2015, GoM 2019). The effects of Tropical Cyclone Idai, in 2019, placed Malawi in the top five countries worldwide most affected by extreme weather events, according to the Global Climate Risk Index (Eckstein, Künzel, and Schäfer 2021). As stated, the post disaster needs assessment conducted in April 2023, estimated that cyclone Freddy alone affected over 2.3 million people and over 545,000 households were reported to have lost their crops and livestock, 1.6 million were declared severely food insecure, over 650,000 people displaced and over 600 deaths (WFP 2023).

The agriculture sector suffers the greatest losses as a result of climate change impacts in Malawi. Most smallholder farmers are resource poor with very limited capacity to contain shocks arising from climate change. Economic modelling assessment estimated that the direct overall costs due to climate change impacts was equivalent to 5% of the country's GDP each year (GoM 2015).

4.3 Factors of vulnerability

This section highlights factors of exacerbates vulnerability, thus the degree to which a system is susceptible to, and unable to cope with adverse effects of climate change, including climate variability and extremes. The elements that define a system's vulnerability are its exposure, its sensitivity and its adaptive capacity. The vulnerability analysis is first described in general at national level and later specifically for each selected district.

4.3.1 Exposure

The World Bank (2018) describes Malawi as particularly prone and exposed to adverse climate hazards including dry spells, seasonal droughts, intense rainfall, ravine floods and flash floods. Malawi has become increasingly vulnerable to extreme weather, most recently evidenced by the floods in January 2015. Precipitation in January 2015 was four times higher than average and caused severe flooding in 15 of the 28 districts in Malawi, affecting more than 1.3 million people. The most affected districts were low-lying and on riverbanks in the southern part of the country (GoM 2016).

Table 2 highlights the exposure factors for the selected districts. Balaka in the southern region is highly exposed to recurrent droughts, rainfall variability (including short rainy seasons), high temperatures and strong winds. Lilongwe, Dowa and Mzimba are moderately exposed to droughts, rainfall variability, floods and strong winds.

Table 2: Description of exposure for selected districts

Exposure factor	Potential selected project implementation areas			
	Balaka	Lilongwe	Dowa	Mzimba
Drought occurrence	Very high	Medium and some areas	Medium and in some areas	Medium in some areas
Rainfall variability	Very high variability	Medium	Medium	Medium
Floods occurrence	Medium	High in some areas	Medium and in some areas	Medium and in some parts
High temperatures	Very high	High but in some parts	High but in some parts	High in some parts
Strong winds	Very high	Medium	Medium	Medium

Data source: Malawi Hazards and Vulnerability Atlas - DoDMA (2016)

4.3.2 Sensitivity

Sensitivity to climate change is affected by many factors including high population density and high poverty levels. The current poverty rate in Malawi, compounded by the effect of Covid19, the Russian-Ukraine war and increased occurrence and effect of cyclones is reported at 50.7% (WB 2022). Population density wise, Malawi is one of the most densely populated countries in Sub-Saharan Africa, with an estimated population density of 203 people per km². Furthermore the current population of 20.9 million (2023) is expected to double by 2060⁶⁰. This has already put considerable pressure on land resources, leading to widespread degradation and deforestation.

Additionally, over 80% of people in Malawi depend on rain-fed agriculture and natural resources which are climate sensitive sectors. This makes the Malawi economy very sensitive to climatic hazards. This is attested in that Malawi's economic growth tends to follow growth in the agriculture sector. For instance, there was a significant fall in GDP in 2015 following the 2015 floods (WB 2016). The direct effects on the agriculture sector include significant declines in output, and concomitant price spikes for most food commodities.

Table 3 highlights the sensitivity factors for the selected districts. Balaka in the southern region has high to very sensitivity to climate change. Poverty levels, population density, illiteracy levels and proportion engaged in agriculture sector are all high, thereby being very sensitive to climate change impacts. Lilongwe and Dowa show high sensitivity due to high poverty levels and proportion of population in agriculture sector. Mzimba is mostly sensitive due to the high proportion of its population in the agriculture sector.

⁶⁰[Malawi Population 2023 \(Live\) \(worldpopulationreview.com\)](https://www.worldpopulationreview.com/countries/malawi-population/)

Table 3: Description of sensitivity for selected districts

Sensitivity factor	Potential selected project implementation area			
	Balaka	Lilongwe	Dowa	Mzimba
Poverty levels	Very high	Very high	Very high	Medium
Population density	Very high	Very high	Medium	Medium
Illiteracy levels	High	Medium	Low	Very low
Population in agriculture	High	High	High	High
Data source: Malawi Hazards and Vulnerability Atlas - DoDMA (2016)				

4.3.3 Adaptive capacity

Gender inequality and women empowerment: Malawi's female constitute 52% of the population, and the female headed households are more likely to be poor (57% for female-headed and 43 % of their male-headed households) and are disproportionately represented in the lowest quartile of income distribution (GoM 2020). Women's poverty is directly related to low participation in economic activities, low access to productive assets and resources such as inputs, land and capital; higher illiteracy rates, inadequate health facilities, exposing them to maternal related deaths. Laws guaranteeing inheritance and land ownership rights to women are often overridden by social norms and customs.

Additionally, women who provide 70% of the labour force in the agricultural sector earn less per month than male workers in the agricultural sector. The youth (age 15-35) are the majority of the population but lack basic opportunities to enable them to develop to their full potential. These include lack of appropriate incentives and skills to engage effectively in lucrative agricultural markets. Poverty among the youth is exacerbated by lack of land tenure, access to credit and financial services. Gender inequalities generally impound vulnerabilities and adaptive capacity of women.

Degradation of natural resources: Widespread natural resources and land degradation is a serious environmental concern for Malawi. Land degradation is largely caused by deforestation and inappropriate land management, unsustainable agricultural practices, and overgrazing resulting in increased soil erosion. The annual soil loss from cropland is estimated at 29 tons/ha and responsible for up to 0.5% per annum crop yield reduction (GoM 2019). Estimates further indicate that in the last 10 years' land degradation has resulted in a 15% decrease in arable land. With an estimated 96 percent of the total population using fuelwood for cooking in the form of firewood and charcoal, deforestation is high and a significant driver of biodiversity and ecosystem services loss. Deforestation is estimated to be responsible for 33,000 hectares of land cover loss annually.

Lack of investments in climate infrastructure: Malawi economy is based primarily on agriculture where over 80 per cent of the population relies on traditional subsistence crop cultivation and livestock husbandry. Less than 15% of arable land is under irrigation. Lack of climate irrigation infrastructure and over reliance on rain increases vulnerability of small-scale poor farmers. SAPP II may support community and small-scale irrigation to enhance crop productivity and reduce food insecurity levels.

Lack of financial services and information: While there is strong recognition that a dynamic and resilient financial system is critical to promoting and assuring sustainable growth of the agricultural sector, there is currently limited financial services that also contribute to limited community diversity. Through FCF, SAPP II will provide financing and contribute to alleviate financial barriers to enable agricultural productivity and business development.

Lack of access to climate smart technologies: Due to high poverty levels, small-scale farmer face limited access to and adoption of climate smart agriculture technologies. The design of SAPP II is aimed to reduce such vulnerabilities by among others: a) enhance restoration micro catchments and ecological functioning of watersheds; b) sustainably invest in agriculture and livestock productivity enhancing interventions; and c) improve access to production assets and seeds, and nutrition-sensitive agriculture practices.

Limited access and use of climate change information: There is currently limited generation, dissemination and use of climate change information for informed decision making by farmers. The design SAPP II is aimed to enhance the development of climate change information and its utilisation, including improving the capacity of institutions to coordinate and manage DRM.

Table 4 highlights the adaptive capacity factors for the selected districts. All selected districts have high land and soil degradation, with exception of Mzimba which is moderate. Like with national averages, all selected districts have low proportion of land under irrigation, making farmers extremely vulnerable to droughts occurrence. Access to financial resources and credits is extremely low in all districts which presents a barrier to adopting and investment in climate resilient technologies. Apart from Balaka, all districts have low access to use of climate change information to guide decision making.

Table 4: Description of adaptive capacity for selected districts

Adaptive capacity factors	Potential selected project implementation area			
	Balaka	Lilongwe	Dowa	Mzimba
Literacy rate	Low	Medium	Medium	High
Time taken to access markets	Low	Low	Medium	High

Access to health services	Medium	High	Medium	Low
Land under irrigation	Low	Low	Low	Low
Natural resources degradation	High	High	High	Medium
Access to financial services	Low	Low	Low	Low
Access to and use of climate information	Medium	Low	Low	Low
Data source: Malawi Hazards and Vulnerability Atlas - DoDMA (2016)				

4.3.4 Overall vulnerability analysis

Fig 2 below highlights the integrated hazards exposure, sensitivity, lack of adaptive capacity and overall vulnerability of climate change for different regions in Malawi. As noticed, Balaka is the most exposed district among the other selected districts (Lilongwe, Dowa and Mzimba). However, Dowa has the least adaptive capacity, possibly because not many communities have been supported or invested in climate resilience. The highest vulnerabilities exist among communities in Balaka and Dowa districts.

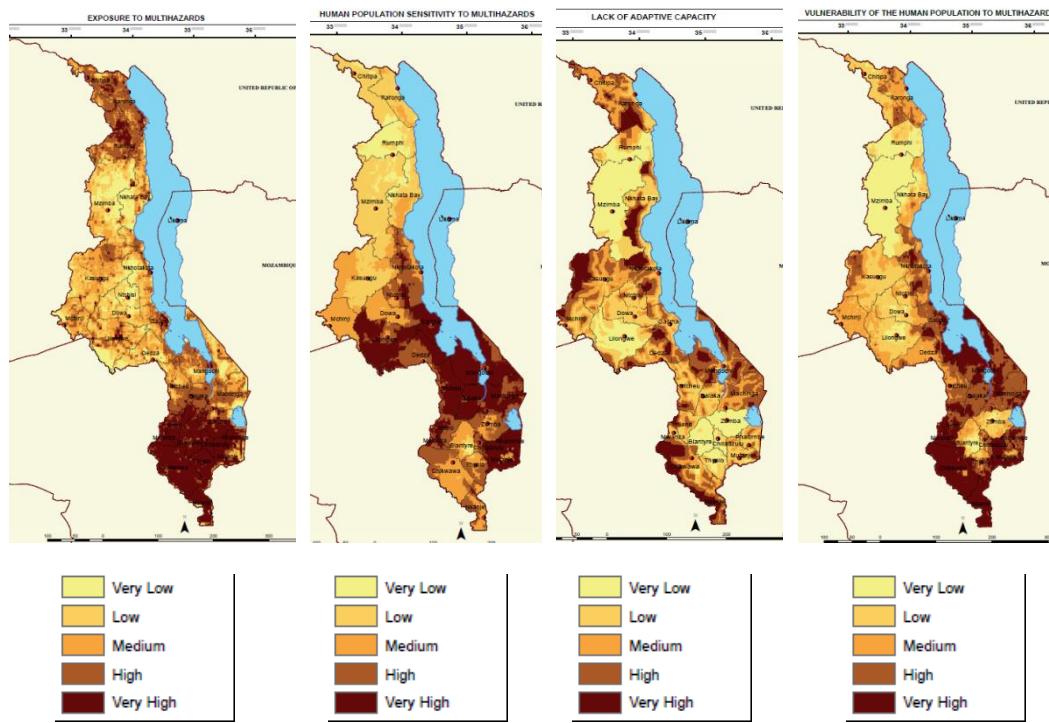


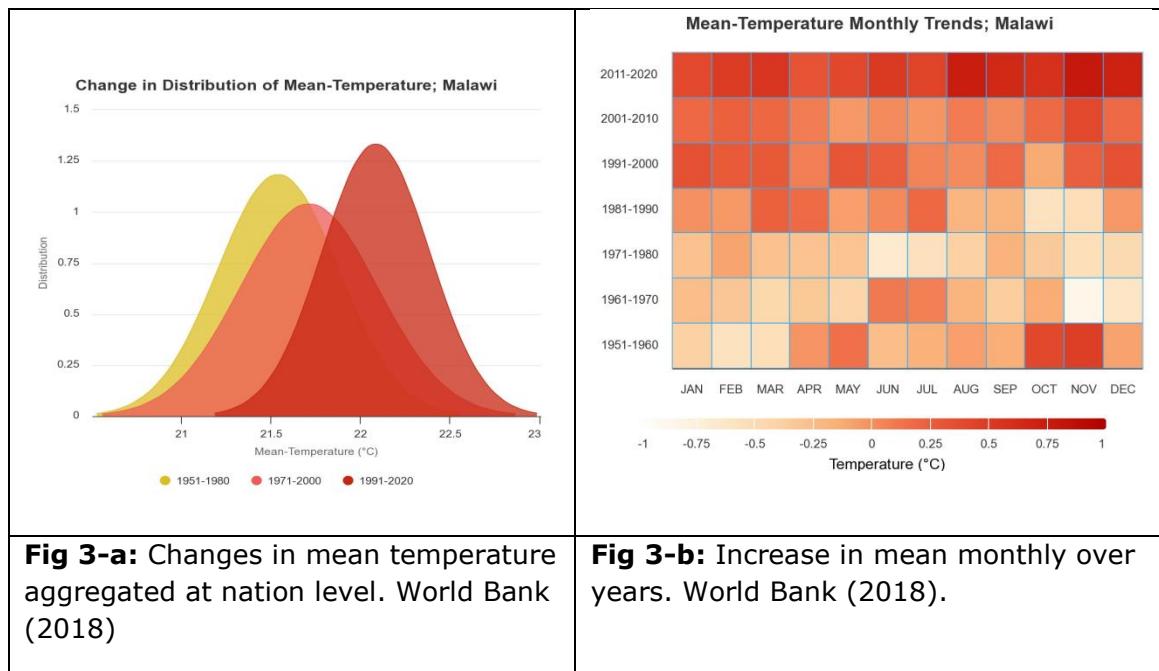
Fig 2:Malawi Hazards and Vulnerability Atlas - DoDMA (2016)

4.4 Climate Trends

This section presents observed and projected climatic risks and impacts. It highlights the changes in the selected climatic variables of temperature and changes in extreme temperature; precipitation and changes in extreme precipitation, and the potential impact on crop yield.

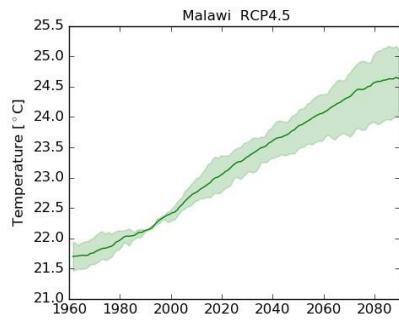
4.4.1 Changes in mean temperature

Observed mean temperatures have increased by 0.75°C between 1950 -1980 and 1990- 2020 (**Fig 3 - a**). The observed average monthly temperature changes for the same period increased by between 0.5°C - 1.0°C for most months except for October and November (**Fig 3-b**).

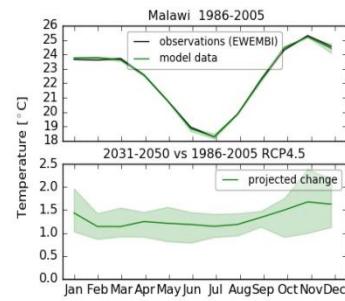


The projected mean temperatures are expected to increase from 22.75°C in the 1960s to 24.5°C by 2080 (**Fig 4 - a**). The average monthly temperature changes for the period 2030 -2050, also show an increase of between 1.0°C - 2.0°C from reference years 1986- 2005 (**Fig 4-b**). The projected (2030-2050) temperature increase vary across the country from 1.2°C to 1.35°C (**Fig 4- d**). For the selected SAPP districts temperatures are expected to increase by 1.35°C in Balaka, and around 1.3°C in Lilongwe, Dowa and Mzimba (**Fig 4- d**). However, highest temperatures will still be observed in southern and lakeshore districts.

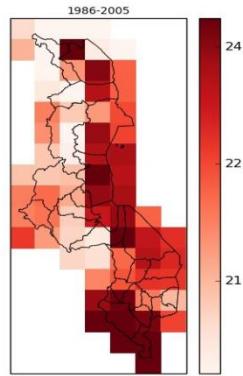
(Fig 4-a)



(Fig 4-b)



(Fig 4- c)



(Fig 4-d)

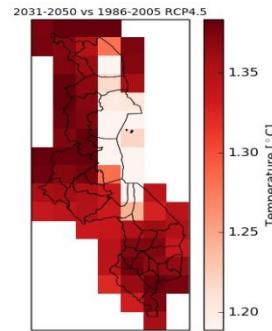
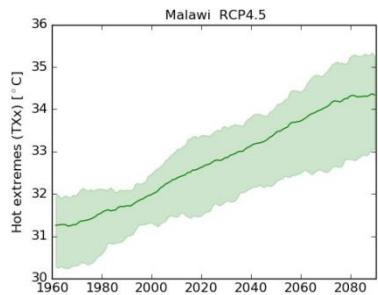


Fig 4. Mean temperature changes (a= national aggregates, b = monthly aggregates; c= reference temperature (1986- 2005) and d = future projected province changes (2030-2050). Data source EWEMBI dataset:
http://regioclim.climateanalytics.org/documentation#doc_EWEMBI. RCP 4.5. RCM models used: REMO, CCLM4, RACMO and RCA.

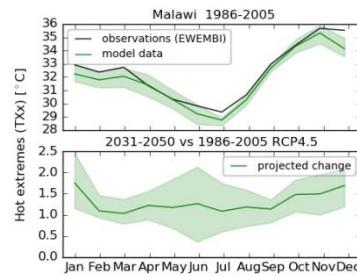
4.4.2 Change in extreme temperatures

Extreme average hot temperatures are projected to increase from around 30.0°C -32.0°C in 1960s to 33 °C -35°C in 2080s (**Fig 4 - a**). However, there is variation across the different months in extreme temperature increase from 0.5 to 2.5°C (**Fig 4-b**). The projected (2030-2050) highest extreme temperatures increase are expected in the northern region by 1.44°C (**Fig 4 -d**). However, the highest extreme temperatures will still be expected in the southern region (**Fig 4-c plus Fig 4-d**).

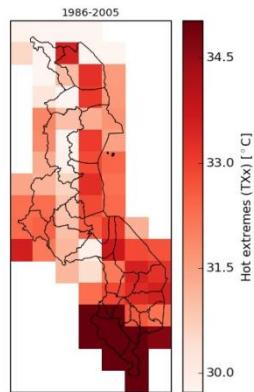
(Fig 4- a)



(Fig 4- b)



(Fig 4- c)



(Fig 4- d)

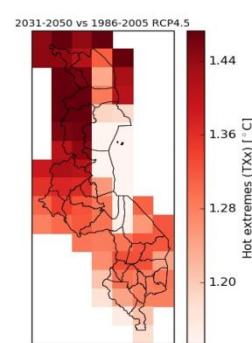
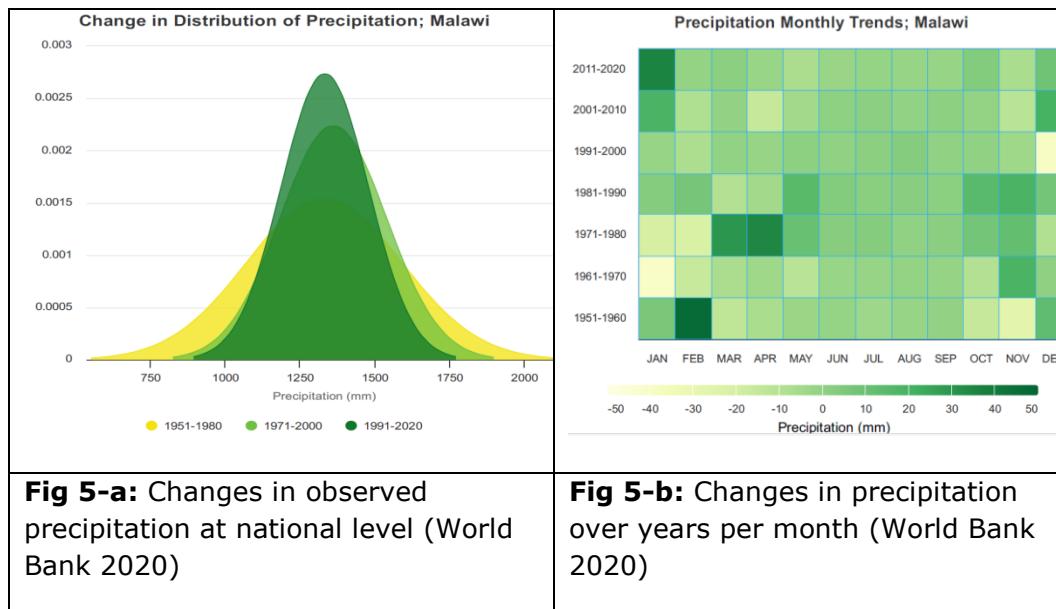


Fig 4. Mean temperature changes (a= national average extreme temperature change, b = monthly average extreme temperature change; c= province reference extreme temperature (1986- 2005) and d = projected (2030- 2-50) province extreme temperatures change. Data source EWEMBI dataset: http://regioclim.climateanalytics.org/documentation#doc_EWEMBI. RCP 4.5. RCM models used: REMO, CCLM4, RACMO and RCA.

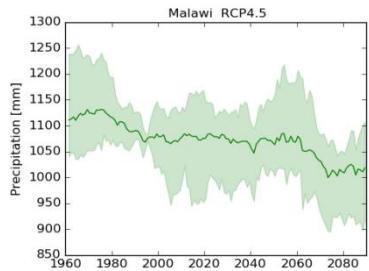
4.4.3 Changes in precipitation

Observed mean precipitation levels remained the same at nearly 1,875mm per year between 1951-1980 and 1991 - 2020 (**Fig 5 - a**). This agrees with many studies that there is rainfall variability but total precipitation change is uncertain. However, there are noticeable changes in monthly precipitation between the different decades (**Fig 5-b**).

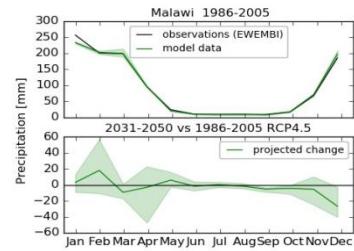


The projected mean precipitation levels also show slight decrease from 1,100mm per year in 1960s to 1,000mm in 2080s (**Fig 6 - a**) with huge uncertainties. The average monthly precipitation changes show a slight decrease of 20mm to -20mm in the months of February and December, respectively (**Fig 6-b**). When projected to (2030- 2050) there is maximum precipitation increase and decrease of 50mm compared to the reference year of 1986-2005 (**Fig 6 -d**). Slight decrease in precipitation is expected in Balaka and Mzimba, where as in Lilongwe and Dowa remains mostly the same. Much of the rainfall changes could be variability, start and end dates.

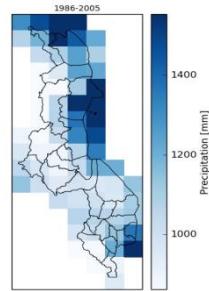
(Fig 6 -a)



(Fig 6- b)



(Fig 5- c)



(Fig 5- d)

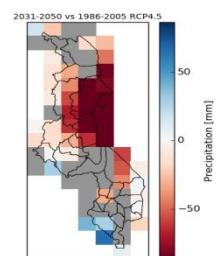


Fig 6. Mean changes in precipitation (a= aggregated mean precipitation changes at national, b = aggregate mean precipitation changes at national level by month; c= province reference mean precipitation levels (1986- 2005) and d = projected province mean precipitation changes (2030-2050). Data source EWEMBI dataset: http://regioclim.climateanalytics.org/documentation#doc_EWEMBI. RCP 4.5. RCM models used: REMO, CCLM4, RACMO and RCA.

4.4.4 Changes in extreme precipitation

However, unlike mean precipitation changes, there are changes in extreme precipitation (**Fig 7-a**). Nkhotakota, Nkhatabay, Salima and Karonga show reduced extreme precipitation, while southern regions show increased extreme precipitation (**Fig 7-b and Fig 7-c**).

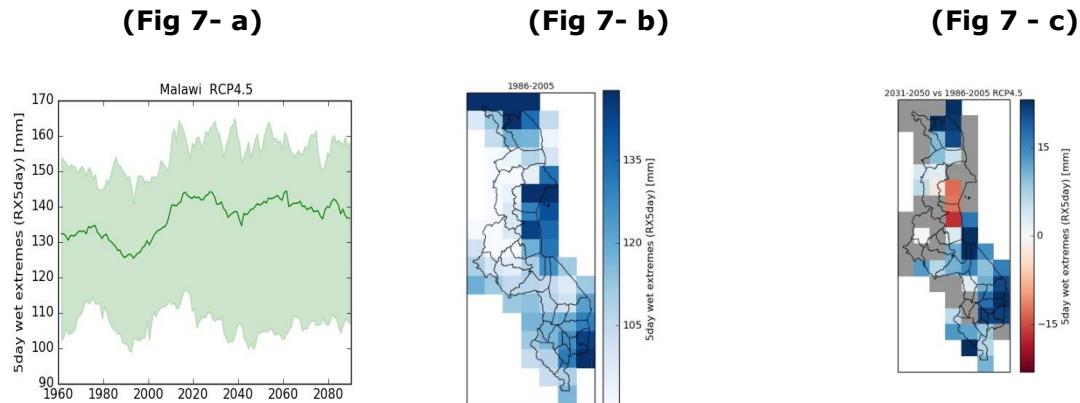


Fig 7. Mean changes extreme precipitation (a= aggregated mean extreme precipitation changes at national, b = aggregate mean extreme precipitation changes by provinces (1986- 2005); and c = projected province mean precipitation changes (2030-2050).

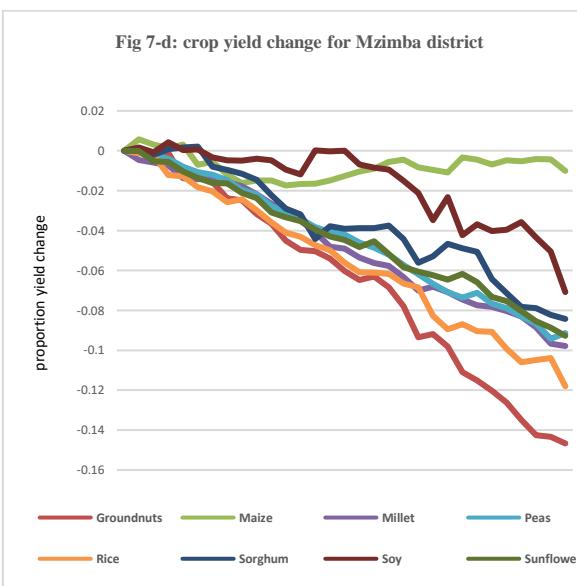
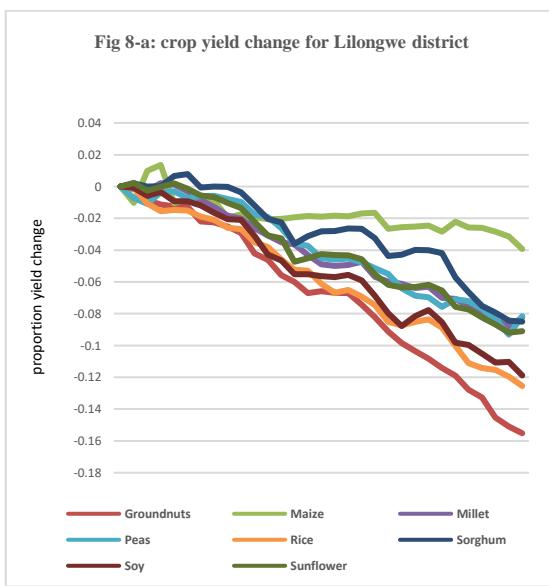
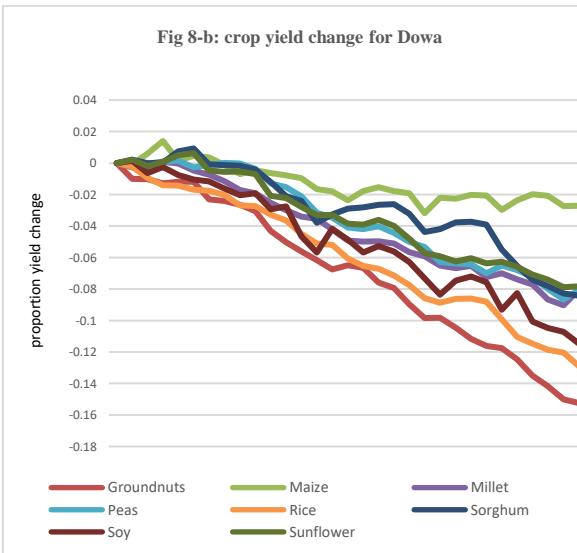
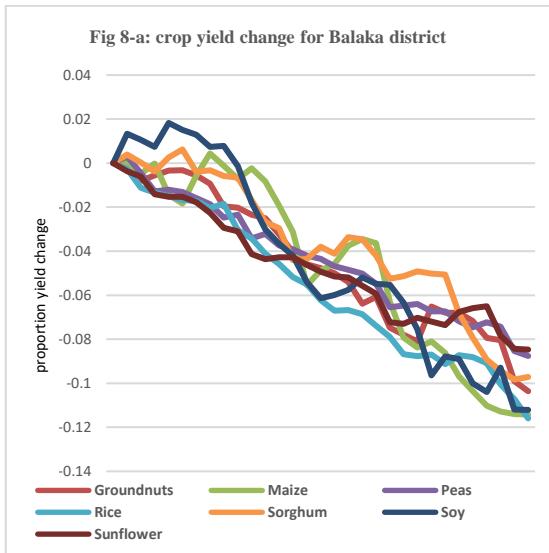
Data source EWEMBI dataset:

http://regioclim.climateanalytics.org/documentation#doc_EWEMBI. RCP 4.5. RCM models used:REMO, CCLM4, RACMO and RCA regional models.

4.5 Potential climate impacts

This section presents some of the potential impacts of climate change related to the agricultural sector in Malawi especially on crop yield changes. **Fig. 8** shows potential climate impact on crop yield in 2050 based on 2020 yield (baseline). For all crops Lilongwe, Dowa and Mzimba show decrease in yield. Yield reduction range between 6% to 15% for all the selected districts (**Fig**

8-a: d). The highest crop yield change for Balaka is under maize (12%) while groundnuts has highest yield loss for Lilongwe, Dowa and Mzimba with around 15-16% respectively.



Crop Impact assessment (CARD 2019). <https://www.isimip.org/impactmodels>.

Results show median crop impact setting reflecting a "best guess" of the uncertainties reflected in the models.

5.0 Adaptation assessments process

Having considered the type of observed and potential climatic hazards, analyzed the vulnerability factors and estimated some of the climate impacts on crop value chains in the selected districts, this section proposes feasible adaptation options that the project may promote.

5.1 Longlist of adaptation options

Firstly, in developing a longlist of adaptation options, the agro ecological conditions of the selected districts are considered. The description of agro ecology conditions of the selected SAPP II districts are briefly highlighted in the **Table 5 below**. As already highlighted, Balaka in the southern region experiences higher temperatures and receives low rainfall with shorter seasons. Lilongwe, Dowa and Mzimba have mostly sufficient total rainfall for agriculture production, however variability affects distribution and agriculture production. For all selected districts, regardless of total precipitation levels, irrigation investments would be better adaptation option.

Table 5: Brief description of agro ecological zone of selected project areas

District	Altitude	Soils	Climate category	Average annual precipitation
Balaka	200- 1,000 masl	Predominantly alluvial soils	Semi-arid (with much lower precipitation)	600 – 800mm
Lilongwe, Dowa and Mzimba	760-1,500 masl	Latosols and poor drained clay soils in the valleys. In upland areas combination of Ferrasols, Luvisols, Lixisols, Lithic and Leptosols.	Semi- arid	800 – 1200 mm

A long list of adaptation options based on climatic hazards, sensitivity, exposure, adaptive capacity and agro ecological zone are presented in **Table 6 below**. The longlist is developed from adaptation options that were promoted under SAPP; Options recommended in the updated NDC, options highlighted in the National Agriculture Policy and the National Agriculture Investment Plan, the National Climate Smart Agriculture Training, the IFAD Database for Climate Adaptation Options and discussions with technical officers and the local stakeholders.

Green = Highly recommended/ very suitable			Light greenish = recommended/suitable	Yellow = Could be considered in medium or longer term						
ID	Climate risks	Potential impacts on value chains	Suggested adaptation option	Suitability based on agro ecological zone, exposure, sensitivity and adaptive						
				Balaka	Lilongwe	Dowa	Mzimba			
1	Increased temperatures and droughts	Low water availability reduce crop yields and feed availability for livestock	Promote access to improved crop and fodder varieties (drought tolerant and early maturing)	Highly recommended for low precipitation and shorter seasons	Recommended due to rainfall variability					
			Promote integrated insitu soil and water management and conservation (including conservation agriculture, box ridges, compost manure application, mulching, agroforestry)	Highly recommended for conserving water and improving degraded soils						
			Promote diversification of livelihoods (crop-livestock systems, intercropping)	Recommended to improve livestock ownership which act as useful safety net during crop failure and reduces exposure and overreliance on maize crop. Intercropping with leguminous crops also improves soil fertility levels						
			Promote community and small-scale irrigation structures and better water management practices	Highly recommended for all districts and would enhance adaptive capacity of farmers from reduced precipitation and increased occurrence of droughts. Irrigation would also reduce sensitivity of agriculture sector to droughts.						
			Enhance EWS through generation of climate change information and utilisation through the PISCA approach utilizing the seasonal and short term forecast information, possible dry spells and seasonal shifts	Highly recommended for all districts. There are existing interventions in Balaka on generation and use of climate change information but require upscaling to other districts						
			Promote improved animal breeds through local selection	Recommended for all districts. Even though local breeds are usually resistance to harsh						

				climatic conditions, their productivity levels are very low. The Department of Agricultural Research Services and LUANAR would assist to improve the existing adaptable local breeds for better productivity
		Training in improved pasture and management and promote production and storage of supplementary animal feed (hay, silage and poultry feed)		Most farmers that have livestock use open grazing. This exposes livestock to harsh environment and sometimes long distances for grazing, and face insufficient feed during dry seasons. Training and production of animal feed would reduce exposure and increase adaptive capacity
		Build preparedness capacity in DRM		Recommended for all districts particularly for Balaka and Lilongwe where there are recurrent droughts and floods. Enhancing DRM particularly at community level would increase adaptive capacity and resilience.
	High temperatures reduce products shelf life and increase post-harvest losses	Promote better crop storage structures and capacity building in post-harvest handling and management.		Highly recommended for all districts. Post-harvest losses are currently high in Malawi, compounding the already low agricultural productivity levels. Better storage structures would reduce farmers produce exposure to negative weather impacts and also reduces produce physical loses due to strong winds and floods.
	Droughts may lead to total crop failure and loss of substantial investment for farmers	Promote design of attractive and affordable crop and livestock insurance products for farmers		Currently there are limited insurance products attractive to smallholder farmers. While SAPP II may not directly design and pilot the climate related insurance products for agriculture, the project should lease with other on-going initiatives and learn lessons, best practices and build awareness of SAPP II beneficiaries to insurance products for upscale where feasible.

		Reduced precipitation may lead to reduced and scarcity of household water use	Promote household based water harvesting	Highly recommended, especially for Balaka with limited precipitation levels	Recommended for Lilongwe, Dowa and Mzimba is places with water scarcity
		Reduced precipitation may lead to reduced water recharge and decreased availability of water for irrigation	Promote micro catchment restoration activities (afforestation, check dams, contour bunds, vetiver)	All districts face high land and soil degradation. While the intervention does not yield immediate benefits on farms, it is necessary for medium and long-term benefits. This would increase adaptive a capacity of communities and ecosystems in the locations.	
		Increased warm temperature led to pest and disease outbreaks	Promote research to develop crop tolerant pests and diseases or improve integrated pest management	New knowledge to better couple with climate change impacts related to pest and disease outbreak is required. The Department of Agricultural Research Services may support research in this aspects.	
			Enhance capacity in best and disease surveillance	SAPP build capacity of some farmers and agricultural frontline in disease and pest surveillance with promising results. However, this capacity needs to be upscaled to SAPP II districts where capacity is still limited.	
2	Increased precipitation intensities and flood occurrence	Increased precipitation led to landslide, occurrence of floods, loss of crops, livestock	Promote micro catchment conservation (afforestation, check dams, contour bunds and vetiver)	As stated all districts face high land and soil degradation. While the intervention does not yield immediate benefits on farms, it is necessary for medium and long-term benefits. This would increase adaptive a capacity of communities and ecosystems in the locations.	

		and damage investment infrastructures	Promote flood control structures	Recommended for all districts particularly Balaka, Lilongwe and Mzimba which face floods
			Promote zoning and proper land use planning to avoid investment in flood and landslide prone areas	Recommended for all districts particularly Balaka, Lilongwe and Mzimba which face floods
			Promote climate resilient infrastructure development (animal structures, storage structures).	Highly recommended for all selected districts particularly for Balaka, Lilongwe and Mzimba.
			Enhance EWS through generation of climate change information and utilisation through the PISCA approach utilising the seasonal and short term forecast information, including on seasonal shifts	As stated highly recommended for all districts. There are existing interventions in Balaka on generation and use of climate change information but require upscaling to other districts
			Build preparedness capacity in DRM	Recommended for all districts particularly for Balaka and Lilongwe where there are recurrent droughts and floods. Enhancing DRM particularly at community level would build adaptive capacity and resilience.
		High erosion from floods on bare lands and increased sedimentation in water bodies	Promote micro catchment and NRM conservation and erosion control (afforestation, water storage dams, contour bunds and vetiver , agroforestry) and payment for ecosystems	Highly recommended for all districts
3	Increased occurrence of strong	Strong winds and cyclones led to loss crops,	Enhance EWS through generation of climate change information	EWS systems should cover all climate risks. Even though cyclones mostly happen in southern regions, development of the EWS may consider all selected districts

	winds and cyclones	livestock and investment assets	Build preparedness capacity in DRM. Including review or formulation of contingency plans	DRM and contingency plans should cover all disasters likely to happen
			Promote afforestation and agroforestry as wind breaks	Recommended for all project areas due to exposure from strong winds
			Training in climate resilient crop storage and livestock structures	As part of better structures for crops and livestock for all districts.

Table 6.A longlist of adaptation options based on climatic hazards, sensitivity, exposure, adaptive capacity and agro ecological zone

5.2 Prioritization of adaptation options

Having developed a longlist of adaptation options, a criteria for prioritisation is presented as in **Table 7** below. The Multi-Criteria Analysis (MCA) was used to decide which “most feasible options” should be implemented. The approach takes into consideration a number of criteria including technical feasibility costs, benefits, potential to address climate risks, accessibility of option to small-scale farmers, flexibility (i.e. avoids lock-in), mitigation co-benefits, transformative potential. The approach is adapted from IFAD ([Thematic Brief Irrigated Crops \(ifad.org\)](#)) is expert-driven process using information gathered from a wide stakeholder engagement.

The assessment uses a simple scoring system based on the eight criteria outlined above. The first four criteria require a minimum score of 2; options which score lower than 2 on any of these criteria do not meet the minimum requirements and are not deemed to be suitable. Adaptation options which are scored the highest are most suitable for a project.

Table 7: Criteria and scoring for prioritisation of adaptation options

No.	Theme	Scoring Criteria		
		1	2	3
1	Technical Feasibility	No experience in implementing solution	Consultants available with suitable skills	Previous IFAD experience with solution
2	Cost Benefit Analysis	Benefits are less than the costs	Benefits are higher than the estimated costs	Benefits are significantly higher than the estimated costs
3	Potential to addresses Climate Risk	Adaptation option is not relevant or may not be effective for the risks identified	Adaptation option effectively addresses at least one of the identified risks	Adaptation option is relevant for all of the major climate risks identified
4	Accessibility for SHF	Adaptation option is inaccessible for the main project beneficiaries (e.g. unaffordable, requiring regular complex maintenance), or exacerbates existing inequalities.	Adaptation option is accessible for the majority of the project's target beneficiaries.	Adaptation option is accessible to project beneficiaries and specifically benefits women or other marginalised groups.

5	Flexibility (avoids lock-in)	The adaptation option has a long lifetime (>10 years) and its design does not allow for any adjustment.	The adaptation option being considered has a short lifetime (less than 10 years)	The adaptation option is low or no regrets or is part of an adaptive management approach.
6	Mitigation Co-benefits	No mitigation co-benefits or adaptation significantly increases greenhouse gas emissions.	Adaptation option leads to emissions reductions, either at present or in the future.	Adaptation option involves reforestation, restoration of carbon sinks, or the substitution of fossil fuels for renewable energy sources.
7	Transformative potential	Adaptation option is limited to small increases in the resilience of target group but does not involve changes in wider systems.	Adaptation option operates at scale or enables wider implementation of the option, for instance with a declining marginal cost	Adaptation option enables change in the system in question which significantly increases opportunities for target beneficiaries to adapt to climate change.
8	Complementarity to IFAD themes	No complementarity	Complements at least one other cross-cutting theme that is directly relevant to adaptation outcomes	Complements more than one other cross-cutting theme to support systemic resilience.

5.3 Adaptation decision matrix table

o 2	Adaptation Option	Technical Feasibility	Cost Benefit Analysis	Addresses Climate Risk	Accessibility for SHF	Flexibility	Mitigation Co-benefits	Transformative potential	Complementarity to IFAD themes	Suitability to HEEP	Total Score
1	Promote integrated insitu soil and water management and conservation (including conservation agriculture, box ridges, compost manure application, mulching, agroforestry)	3	3	3	3	3	2	3	3	Suitable	23
2	Promote farmers access to improved crop varieties (drought tolerant and early maturing) and other inputs	3	3	3	3	3	2	3	3	Suitable	23
3	Promote and build capacity in bio-fertiliser and manure making	3	3	3	3	3	2	2	3	Suitable	22
4	Promote agriculture diversification of livelihoods (crop diversification, small livestock breeds such as goats and local chicken)	3	3	3	3	3	1	3	3	Suitable	22
5	Promote integrated crop livestock production systems	3	3	3	3	3	1	3	3	Suitable	22
6	Build or rehabilitate community smallscale irrigation structure	3	3	3	3	3	1	3	3	Suitable	22
7	Build farmers capacity in better water management practices	3	3	3	3	3	1	3	3	Suitable	22
8	Promote farmers access to clean energy sources (improved cooking stoves) to reduce demand for firewood	3	3	3	2	3	3	2	3	Suitable	22
9	Promote micro catchment restoration activities (agroforestry, check dams, contour bunds, vetiver, small swales)	3	2	3	3	3	2	3	3	Suitable	22

No	Adaptation Option	Technical Feasibility	Cost Benefit Analysis	Addresses Climate Risk	Accessibility for SHF	Flexibility	Mitigation Co-benefits	Transformative potential	Complementarity to IFAD themes	Suitability to HEEP	Total Score
10	Enhance EWS through generation and use of climate change information, short term forecasting	3	3	3	3	3	1	3	3	Suitable	22
11	Build farmers capacity in use of climate information through PISCA	3	3	3	3	3	1	3	3	Suitable	22
12	Implement Integrated Pest Management	3	3	2	3	3	1	3	3	Suitable	21
13	Build capacity of extension workers in PISCA and weather advisories	3	3	3	3	3	1	2	3	Suitable	21
14	Promote household based water harvesting and storage	3	3	3	2	3	1	3	3	Suitable	21
15	Build capacity in post-harvest handling and management	3	3	3	2	3	1	3	3	Suitable	21
16	Build capacity in disaster risk preparedness and management at district and community level	3	3	3	2	3	1	3	3	Suitable	21
17	Build capacity in construction of climate resilient livestock structures	3	3	3	3	3	1	2	3	Suitable	21
18	Promote design of attractive and affordable crop and livestock insurance products for farmers	3	3	3	2	3	1	3	3	Suitable	21
19	Promote research on integrated pest management	3	3	3	3	3	1	2	3	Suitable	21
20	Build farmer capacity in better nutrient application and management	3	2	3	3	3	2	2	3	Suitable	21
21	Promote use of leguminous crop to improve nitrogen fixation	3	3	2	3	3	1	2	3	Suitable	20

No	Adaptation Option	Technical Feasibility	Cost Benefit Analysis	Addresses Climate Risk	Accessibility for SHF	Flexibility	Mitigation Co-benefits	Transformative potential	Complementarity to IFAD themes	Suitability to HEEP	Total Score
22	Promote access to improved fodder varieties (drought tolerant and early maturing)	3	3	3	2	3	1	2	3	Suitable	20
23	Promote better post-harvest structures (storage and cooling structures)	3	3	3	2	3	1	2	3	Suitable	20
24	Enhance capacity in pest and disease surveillance	3	3	2	3	3	1	2	3	Suitable	20
25	Undertake zoning and identify hazards hotspot to avoid investment in flood and landslide prone areas	3	3	3	3	3	1	1	3	Suitable	20
26	Support formulation of village DRM contingency plans	3	3	3	2	3	1	2	3	Suitable	20
27	Support research to generate new empirical evidence and technologies for climate resilience	3	1	3	1	3	3	3	3	Suitable	20
28	Undertake research in disease resistant crops and animal breeds	3	2	2	2	3	1	2	3	Suitable	18
29	Promote production and storage of animal feed (fodder and poultry feed)	3	2	2	2	3	1	2	3	Suitable	18
30	Promote research in improved animal breeds through local selection	3	2	2	2	2	1	2	3	Suitable	17

6.0 Implementation and Monitoring

The TAA and recommendations will be implemented by the Ministry of Agriculture including the Land Resources Conservation Department and Department of Agricultural Research Services and active involvement of the Department of Climate Change Research Services, through the national PMU and district councils. Oversight for TAA implementation will be undertaken by the Climate Change Adaptation Specialist, recruited under PMU. The PMU will customise, update and include TAA as part of project annual work plan for review by the Project Technical Committee and approval of the Project Steering Committee.

Monitoring will ensure the long-term success of climate adaptation initiatives, plans and actions. The TAA will play an important role in planning of and mainstreaming of adaptation activities to be undertaken; track progress of planned outputs and outcomes from adaptation actions; monitor if project interventions are leading to any unanticipated side effects.

The adaptation interventions costs are integrated within the main SAPP II projects activity costs. Thus no separate budget is given.

7.0 Conclusions and key recommendations

This report analysed the most common observed hazards, factors that compound communities' vulnerability to climate change, including exposure, sensitivity and adaptive capacity. The study also analysed future climate trends, climate impact on yield of the selected value chains in the selected districts. The report has made recommendations on adaptation options that maybe promoted to climate proof and improve resilience of target beneficiaries and sustainability of the projects achievements.

The main climate hazards found include droughts, floods and cyclones. Future climate trends indicate increase in temperature and extreme temperatures; increased rainfall variability; and slight reduction in precipitation. Most of the selected value chains without adaptative measures would result into reduced crop yields.

Based on the climate risks and projected impacts, the adaptation options recommended include a) promotion of climate smart on farm agricultural practices, including adoption of improved farm inputs; b) sustainable land soil management activities, c) micro catchment restoration activities; control of soil erosion; and d) enhancing use of climate information services in EWS and DRM.

The TAA recommendations will need to be mainstreamed by the project implementation team, including the PMU and the districts councils. At PMU level it is recommended that a Climate Change Adaptation Specialist be recruited to spearhead and technically guide implementation of the climate adaptation interventions. The Climate Adaptation Specialist will provide technical support and assist the district council to mainstream climate adaptation in the work plans and the selected beneficiary group in implementing adaptation options and NRM plans. The Project Technical Committee will review the annual works plans ensuring that climate change adaptation is well mainstreamed before seeking approval from the Project Steering

Committee. An Environment, Social and Climate Plan will be developed and continuously monitored and reported in the annual progress reports.

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Malawi

Sustainable Agricultural Production Programme - Phase 2

Project Design Report

Annex: Secap Escmp

Mission Dates: 12 - 23 June 2023

Document Date: 17/11/2023

Project No. 2000004511

Report No. 6603-MW

East and Southern Africa Division
Programme Management Department



SOCIAL ENVIRONMENTAL AND CLIMATE ASSESSMENT PROCEDURES (SECAP)

ENVIRONMENTAL SOCIAL AND CLIMATE MANAGEMENT PLAN (ESCMP)

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Acronyms

ADD	Agricultural Development Division
AEDO	Agriculture Extension Development Officer
AfDB	African Development Bank
CA	Conservation agriculture
CC	Climate Change
CSA	Climate Smart Agriculture
DADO	District Agriculture Development Officer
DAES	Department of Agricultural Extension Services
DAESS	District Agriculture Extension Services System
DAHLD	Department of Animal Health and Livestock Development
DAPS	Department of Agricultural Planning Services
DARS	Department of Agricultural Research Services
DCD	Department of Crop Production
DLRC	Department of Land Resources Conservation
DodMA	Department of Disaster Management
EAD	Environmental Affairs Department
EIA	Environmental Impact Assessment
EMA	Environmental Management Act
ESC	Environmental, Social and Climate
ESCMP	Environmental, Social and Climate Management Plan
FAO	Food and Agriculture Organization of the United Nations
FCF	Farmer challenge fund
FFS	Farmer field school
FG	Farmer groups
FO	Farmer Organisations
GAP	Good agricultural practice
GMO	Genetically Modified organisms
GoM	Government of Malawi
HH	Household
ICT	Information and communication technologies
IFAD	International Fund for Agricultural Development
M&E	Monitoring and evaluation
MoFEA	Ministry of Finance and Economic Affairs
MoA	Ministry of Agriculture
NAP	National Agriculture Policy
NAIP	National Agricultural Investments Plan
NRM	Natural Resources Management
PICSA	Participatory Integrated Climate Services for Agriculture
PMU	Programme management unit
PSC	Programme steering committee
PTC	Programme technical committee
SAPP	Sustainable Agriculture Production Programme

SECAP	Social Environmental and Climate Assessment Procedures
ToRs	Terms of Reference
VCF	Village Challenge Fund
VNRMC	Village Natural Resource Management Committees

Executive Summary

This Environmental, Social and Climate Management Framework (ESCMP) was developed for the Ministry of Agriculture for the Sustainable Agricultural Production Programme Second Phase (SAPP II) with funding from IFAD with an estimated investment cost of USD50 million covering four districts across the country. The Programme Goal is to "To contribute towards wealth creation, and improve food and nutrition security among the rural population of Malawi". The Programme Development Objective (PDO) is to: "Commercialise and enhance the resilience and productivity of smallholder farming systems of rural men, women and youth in selected districts of Malawi by 2030.

This ESCMP was prepared during the design phase and is part of the volume series which include a GRM, SEP and Climate Targeted Adaptation Assessment. The objective of the ESCMP is to ensure compliance of relevant policies, including IFAD Environmental, Social and Climate (ESC) Standards, and to direct the Programme personnel and stakeholders during the implementation of the Programme in addressing the ESC concerns identified. The ESCMP also aims to manage the ESC impacts through appropriate mitigation measures that may arise with the implementation of the Programme, providing specific guidance to be followed consistently with the existing IFAD and national policies and international best practices.

The ESCMP is organized into nine sections:

- Chapter 1 describes the project scope and coverage, and objectives of the ESCMP in relation to the Programme preparation phase.
- Chapter 2 analyses the legal and institutional framework under which the Programme will be implemented
- Chapter 3 identifies the potential ESC impacts due to the project activities and the proposed mitigation measures to avoid and/or minimize the negative impacts and toot also enhance the positive impacts from the Programme
- Chapter 4 establishes the monitoring and evaluation arrangements
- Chapter 5 covers Public Consultation Activities for the ESCMP
- Chapter 6 provides an overview of roles and responsibilities for the implementation of the ESCMP throughout the Programme cycle
- Chapter 7 presents the budget for implementation the ESCMP
- Chapter 8 provides the reporting and reviewing arrangements for the ESCMP
- Chapter 9 suggests the required capacity building to enable smooth and effective implementation of the ESCMP

The main sections of this ESCMP are complemented by several attachments that provide Programme/national-level details and other relevant information.

Conclusions made in the identification and analysis of impacts and risks were based on the study undertaken by the Consultant in coordination with other consultants working on different safeguards as well as the rest of design team members through the following:

- Stakeholder interviews at national, district and community level
- Site visits in Balaka and Blantyre districts where SAPP was implemented
- Consensus with the IFAD/MoA design team on the scale of the assessment to be undertaken during project design
- Review of the previous work conducted at the Programme Identification stage
- Online research especially on how other similar Programmes addressed potential ESM issues
- Review of existing relevant documentation (including Safeguards documents developed for the Malawi portfolio)
- Expert knowledge and experience of the Consultant in working with similar developments initiatives

It was concluded that the Programme brings out several positive impacts based on its general framework and design. The proposed activities are pro-sustainable rural development, climate responsive and socially inclusive in nature. The Programme aims to address the underlying causes of lack of small holder production and aims to support the farmers at their varying levels to be able to produce in excess for the market in order to create wealth and improve food and nutrition security at household level. The programme has got environment, gender, youth, nutrition and climate mitigation and adaptation co-benefits from which if implemented successfully, will be able to elevate the receiving districts to a large extent. A few adverse impacts which could be caused by the Programme were also analysed and possible mitigation measures were proffered.

The nature of the adverse impacts identified will only happen when due diligence in Programme implementation is not practised and when ESC standards are not well monitored throughout the programme. The ESCMP thus, places emphasis on the need for dedicated ESC Safeguards specialists in the PMU and for continuous monitoring and regular audits to be conducted during the duration of the Programme. This ESCMP identifies the steps that will be followed to mitigate, and manage adverse impacts within the full Programme cycle, from design and planning, operation and maintenance and decommissioning.

The ESCMP should be revised for site specific purposes and when the exact specific activities to be implemented in/on each site are known.

1. Introduction

1.1 Programme Description

The SAPP II Programme will be implemented by the Ministry of Agriculture (MoA), in partnership with development and agribusiness private actors in the country. The project builds on the lessons and achievements of the first phase (SAPP), and will promote increased production and productivity of climate smart and nutrition sensitive smallholder farming systems (both crops and livestock), sustainable use of natural resources, and effective marketing through private sector engagement.

Focusing on increasing productivity beyond subsistence levels, SAPP II will also prioritise achievement of nutrition outcomes for the target groups and their communities, given the challenges of malnutrition in the country and target districts in particular. Women empowerment and youth employment will be prioritised under SAPP II, given the unique importance of these two vulnerable groups in the country as well as the opportunities presented.

Market ready target groups from SAPP project will be prioritised under the commercialisation agenda, whilst new beneficiaries from new Extension Planning Areas (EPAs) and districts will also receive support in market-oriented production. With a strong focus on commercialisation, SAPP II will facilitate partnerships between producer farmer organisations and the private sector (both for input and output market penetration), as well as foster opportunities for groups to access mainstream finance, building on SAPP II's own Farmer Challenge Fund (FCF) which is a rural financing matching grant instrument that will support groups and farmer organisations to produce for the market and commercialise, with targeted financing to address constraints at supply side of the value chains.

SAPP II will also enhance the capacity of relevant GoM national and district level institutions and departments to not only ensure smooth project implementation and outcomes achievement, but also promote sustainability of development outcomes. Support will be extended to development of policies and strategies that enhance the business enabling environment for value chain actors and stakeholders.

1.1.1 Programme Components

Table 1: Summary of SAPP II Programme Components and Key Activities

Component	Outputs	Summary Key Activities
1: Increased smallholder productivity and climate resilience	Output 1.1: Inclusive value chain and market analysis Output 1.2: Enhanced capacity for climate-smart, nutrition-sensitive production systems and gender transformative approaches Output 1.3: Sustainable management of productive resources (soil, land and water)	<ul style="list-style-type: none">Value Chain Identification and analysisScaling up GAP and CSA through training, improved extension services, and access to inputs.Implementing adaptive research based on emerging challengesNRM activities including;<ul style="list-style-type: none">- Micro-catchment identification and assessment- Formation of Village Natural Resource Management Committees (VNRMC)NRM conservation and restoration activities
2: Commercialisation of smallholder farming	Output 2.1: Strengthened Farmer Organizations Output 2.2: Market linkages promoted based on opportunities to unlock value Output 2.3: Farmer Challenge Fund (FCF) Promoted	<ul style="list-style-type: none">Formation and Strengthening farmer organisationsTraining and Counselling FOTraining AEDOsSetting up and implementing FCFIncreased productivity and market linkage activities

g system s promot ed		
3: Streng thened institut ional capacit y and knowle dge manag ement system s	<p>Output 3.1: Capacity of staff and partner institutions strengthened for SAPP II coordination, communication, Knowledge Management and M&E</p> <p>Output 3.2: Institution capacity building and policy engagement for resilient and market-oriented food systems</p>	<ul style="list-style-type: none"> • Institutional Capacity Building • Monitoring and evaluation • Knowledge Management and Communication • Policy engagement

1.1.2 Target group

SAPP II is expected to reach an estimated 80,000 smallholder households equivalent to 400,000 people. This will include 50% women, 30% youth and 5% PWDs and other vulnerable groups. The following socio-economic groups were purposively targeted:

- Rural food insecure households who may include poor vulnerable households who do not meet their minimal needs, benefiting from support for food and nutrition security.
 - Moderately food insecure households who meet subsistence production with potential to become market oriented.
- Market-potential smallholder households with potential for commercial activities but remain vulnerable to climate shocks, benefiting from support to increase productivity and production.

1.1.3 Targeting strategy

The targeting strategy will comprise of (i) Geographical targeting. SAPP II will be implemented in four Districts; Lilongwe Rural and Balaka, which were part of the SAPP phase one and two new districts, Mzimba and Dowa. The districts are distributed across the Northern, Central and Southern regions. The districts were selected based on a criterion that included poverty and vulnerability status, climatic risks, food and nutrition insecurity levels, agricultural and market potential of the proposed value chains as well as existence of other IFAD and other donor supported programmes for complementarity (ii) direct targeting of the target households, including those women headed, youth, persons with disabilities (iii) self-targeting, with activities geared towards the needs of small and medium actors that are engaged in the target VCs and enabling measures to ensure equitable participation of beneficiaries.

1.1.4 Programme Institutional Arrangements

The day-to-day project implementation of SAPP II will be the responsibility of an independent PMU, established under the aegis of the Ministry of Agriculture. The staffing configuration will comprise a Programme Coordinator, M&E Officer, Assistant M&E Officer, Knowledge Management Officer, Programme Accountant and Assistant Programme Accountant, Gender, Youth, Nutrition and Social Inclusion Officer, Grants Management Officer, Environment and Climate Officer, Procurement Officer, Assistant Procurement Officer, Agribusiness Officer,

Administrative Officer/Assistant, Messenger and four Drivers. Members of staff of the PMU will be appointed by GoM based on their satisfactory performance reports over the past two years as a minimum and overall suitability for the position determined by a job suitability assessment. Where suitable candidates have not been identified, GoM will recruit from the market.

1.2 About the Environmental, Social and Climate Management Plan (ESCMP)

This ESCMP has been developed for the Ministry of Agriculture, Malawi for the Sustainable Agricultural Production Project Second Phase (SAPP II). The purpose of this ESCMP is to provide a practical plan to manage the potential ESC unintended negative impacts associated with the project's activities, as well as to allow for meaningful and inclusive multi-stakeholder consultations and engagement throughout the lifecycle of the programme. This particularly takes into account the circumstances of vulnerable, marginalized individuals including women and youth that potentially are negatively affected by the project's activities.

The ESCMP also aims to assist the Ministry of Agriculture (MoA) to maintain and/or improve its ESC management system during the project's preparation and implementation. The ESCMP ensures that throughout the programme implementation, the programme team including subprojects and service providers continuously screens all of the activities proposed under the programme and monitors potential unintended ESC impacts properly and sufficiently as required. Where impacts and potential impacts are identified and if these are unavoidable, suitable mitigation measures will be properly planned so as to adequately compensate for residual impacts and to provide for restoration. IFAD will disclose this ESCMP online and MoA will ensure that it is accessible to all stakeholders at national, regional and district level. Stakeholders should easily gain access to it in order to provide feedback and recommendations as well as express their concerns through programme activity-level grievance mechanism.

1.3 Rationale for ESCMP

SAPP II was categorised as Moderate based on the SECAP environmental and social screening tool at concept development stage. This means that the programme will have no impact on sensitive areas or result in the loss of natural habitat or biodiversity. SAPP II interventions will be limited to existing cultivated and fallow lands, and activities will not take place in areas prone to geophysical hazards, so the risk to agriculture, livestock, and small-scale infrastructure is considered minimal. SECAP recommends development of an ESCMP in such a scenario with the main purpose of identifying and indicating how potential risks and impacts can be avoided or mitigated.

In the programme design, priority will be given to sustainable management of productive resources (soil, land, and water) with activities supporting promotion of Good Agricultural Practices (GAP), soil and water conservation, energy saving technologies, soil fertility improvement, conservation agriculture, and awareness on environmental conservation and management practices. Chemical inputs will be replaced with eco-friendly inorganic fertilizers and pesticides, and the project will promote integrated pest management (IPM). SAPP II will support small-scale climate-proofed infrastructure while causing no additional environmental harm. The Programme places a strong emphasis on social inclusion, with ambitious goals for the inclusion of women and youth. Inclusion of women, youth, and, where possible, people with disabilities in the development of value chains and strategic investment plans will facilitate their participation.

An important objective of environmental assessment is to develop procedures and plans to ensure that the mitigation measures and monitoring requirements approved during the environmental compliance review will actually be carried out in subsequent stages of the

project. As a result, IFAD places strong emphasis on the preparation and proper implementation of this ESCMP.

1.4 ESCMP Structure

This ESCMP is part of a volume series that includes Stakeholder Engagement Plan, Grievance Redress Mechanism and a detailed Targeted Adaptation Assessment. The ESCMP will firstly set out the project standards and safeguards that the ESCMP addresses, and then identify both the unintended negative indirect, cumulative, synergistic, immediate, long term, temporal or permanent impacts and the external risks associated with the programme. An ESCMP matrix will be provided to propose specific actions that are required to mitigate and/or reduce the negative impacts providing clear and achievable targets, and quantitative indicators of the level of mitigation required. The ESCMP will also outline the roles and responsibilities of the Environmental, Social and Climate Safeguards team, IFAD, MoA counterparts and task specific consultants that are needed for implementation including organizational capacity requirements in order to support the ESCMP.

A monitoring section will be included to describe the monitoring system that will need to be set up, as well as an overall ESCMP budget to cover implementation costs. The process will be formalised through a series of periodic training workshops at district level that will support capacity development and provision of technical skills needed to implement the actions.

2. Institutional and Legislation Analysis

2.1 Agriculture Sector in brief

Agriculture is the leading income earner and source of livelihoods in Malawi, contributing 28% of GDP, generating over 80% of export earnings, and employing 64% of the country's workforce. The 2017 Integrated Household Survey showed that 83% of households in Malawi are engaged in agricultural activities, more so among rural (93%) than urban (40%) households. Crop production is largely rain-dependent, with less than 10% of the potentially irrigable land under irrigation. Availability of cultivatable land is limited, with the average cultivated area per household being only about 0.61 hectare.

Gender-imbalances are evident, with male-headed households cultivating more acres (0.68 hectare) than female-headed households (0.49 hectare). Nearly half (46%) of households cultivate less than 0.40 hectare. In addition to limited availability of cultivable land, soil losses are overwhelming, presently estimated at 29 tonnes/hectare/year, up from 20 tonnes/hectare/year in 1992. The net effect of small land ownerships, loss of agricultural productivity, increased expenditure on fertilizers, and a general decline in profitability of production, is slow growth of the agriculture sector as source of food and livelihoods.

For a long time, there has been lack of diversification in food production because much emphasis was put on maize than any other crop thereby hampering the food basket. In addition, unsteady food production was also experienced due to weather factors leading to fluctuation of yield in both quality and quantity. Furthermore, food availability is also hampered by losses before, during and after harvest. According to the 2016 African Post-Harvest Losses Information System, Malawi's post-harvest maize losses are estimated at 17.2%. Another threat to attainment of food and nutrition security, which the agriculture sector has leveraged on, is food safety. One of the food safety concerns in Malawi is the level of aflatoxins contamination in agricultural produce, particularly in cereals and legumes. Markets are also still underdeveloped, which limits the availability of a variety of foods, as well as increasing the cost of food.

2.2 Legislative and Policy Framework

The Malawi 2063 Vision, which defines the country's long-term development goals, calls for a shift from low productivity, subsistence agriculture to a highly productive commercial form of agriculture. Investments in agro-processing and value chains are expected to generate employment for the young population⁶¹. The Malawi 2063 First 10-Year Implementation Plan, which covers the period 2021- 2030, focuses on graduating Malawi to middle-income country status. The Agriculture Sector Food and Nutrition Strategy 2020-2024 and the National Agricultural Investment Plan 2018-2023 are being aligned with the Malawi 2063 Vision. The National Multi-Sector Nutrition Strategic Plan 2018-2022 identifies the high degree of dependence on rain fed subsistence agriculture, rural poverty, limited crop diversification and a lack of disaster-risk management systems as challenges to be overcome in order to ensure food and nutrition security.

⁶¹ Republic of Malawi COSOP 2023 - 2030

The National Export Strategy II (2021–2026) aims to make Malawi a competitive, diversified and sustainable supplier of goods and services for regional and global markets. The focus is on high-value products in key export sectors (agriculture, manufacturing, services and mining).

The National Gender Policy focuses on gender mainstreaming in agriculture, food and nutrition security, natural resources and climate change management. The National Youth Policy, which guides efforts to empower the country's youth, is under review.

The multisector National Resilience Strategy 2018-2030 addresses issues linked to climate change. Pillar 1 of the strategy prioritizes areas for resilient agricultural growth. The national Strategy on Climate Change Learning (2021) outlines an institutional framework for climate change adaptation, mitigation, technology transfer and capacity-building. Malawi has ratified the Paris Agreement on climate change and submitted its updated nationally determined contribution (NDC) in July 2021. 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.

In response to the challenges, the GoM has been promoting improved technologies for storage, preservation, food processing and other means that ensure national and household food security and to minimize post-harvest losses thereby leveraging small scale farmers for high end market systems. The Government had also been promoting dietary diversity by advocating for the six food groups (staples, fruits, vegetables, legumes and nuts, foods from animals, and fats and oils). Efforts have been made to assist communities in the prevention of micronutrient deficiencies by encouraging consumption of diverse micronutrient-rich diets. IFAD, among other development partners seeks to also work with the Government and contribute towards these goals in addition to its mandate to uplift the lives of rural farming communities in the country⁶².

2.3 Agriculture Based Legislation

The Constitution of Malawi recognises that access to and utilisation of nutritionally adequate and safe food in the right quantities is a right of each individual. This will enable them to lead an active and healthy life. Improving the living standards of the people of the country has for a long time been an immediate need.

Malawi Vision 2063 draws on Malawi's goal of an inclusive wealthy and self-reliant nation aiming to transform the country into a wealthy and self-reliant industrialized 'upper middle-income country' by the year 2063. *The vision has three pillars which are 1) Agricultural Productivity and Commercialization; 2) Industrialization and 3) Urbanization.*

⁶² Malawi Agriculture Sector Food and Nutrition Strategy (2020-2024)

The just ended **Malawi Growth and Development Strategy (MGDS)** (2017/22) was centered on achieving strong and sustainable economic growth, building a healthy and educated human resource base, and protecting and empowering the vulnerable. It sought to ensure economic growth, economic empowerment and food security so that Malawians are less vulnerable to economic shocks. The MGDS aimed at putting in place measures to protect those who temporarily fall into poverty through measures to increase assets for the poor

The National Agriculture Policy (NAP) is a guide towards increasing production, productivity, and real farm incomes in Malawi. The vision of the NAP is to assure food security and nutrition in a more coordinated and diversified approach through the commercialisation of agriculture. Commercializing smallholder farmers is thus the principal focus of this policy in order to optimise resources under smallholder subsector. NAP recognises all types of entrepreneurial farmers and support them to increase the scale and quality of their production, while promoting pro-poor linkages between large-scale estates and smallholder farmers. NAP has a stronger emphasis than earlier policies for the sector on sustainable economic growth through agriculture and treating farming as a business, rather than simply as one in a portfolio of livelihood strategies households use to assure their basic needs.

The National Agricultural Investment Plan (NAIP) for 2017/18 to 2022/23⁶³ is the strategy to achieve the objectives of the NAP of which Food and Nutrition Security is the title of one of its intervention areas. In the NAIP's introductory chapter, a useful discussion is provided on how the plan is to consider food security in a significantly more holistic manner than did earlier strategies.

National Nutrition Policy and Strategic Plan: the government of Malawi has developed a National Nutrition Policy and Strategic Plan, closely linked to its Comprehensive Africa Agriculture Development Program (CAADP) plan, and the Agriculture Sector-Wide Approach, which together coordinate food security programming at the national and community levels

2.4 Key Environmental Based Policies

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 Extension Planning Area (EPA) with broad and substantial powers. The EMA, along with 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.

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 providing a comprehensive policy framework on

⁶³ Malawi, MoAIWD 2018

environmental planning for development programmes introducing environmental impact assessment for projects.

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;

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) 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.

Disaster Risk Financing Strategy (DRFS) (2019 – 2024) outlines strategic priorities and financial instruments to be adapted. The DRF strategy will enhance Malawi's financial resilience to disasters through sound risk assessments. The DRF strategy will, therefore, act as a reference document for all relevant stakeholders in understanding the fiscal risks of disasters as well as financial instruments that the country will employ in the next five years to anticipate, prepare and better respond to natural disasters

2.4 Institutional Roles and Responsibilities

Several institutions, systems and mechanisms exist in the country to achieve a balance in the promotion of sustainable development. These extend to the support and development of agriculture and irrigation. SAPP II will rely on the multiple institutional interactions of these players to achieve its goals.

Some of the key institutions and their main roles and responsibilities in relation to the agriculture sector and environmental protection in Malawi are summarised in Table 1 below.

Table 1: Key institutions relevant to SAPP II

N	INSTITUTION	ROLES AND RESPONSIBILITIES
1	Ministry of Finance and Economic Affairs	The Ministry of Finance and Economic Affairs (MFEA) will formally represent the GoM on matters as the recipient of the grant from IFAD, working with the MoA.

2	Ministry of Agriculture	<p>MoA is the lead implementing agency responsible for providing strategic policy guidance and oversight of SAPP II.</p> <p>MoA is the lead institution for agriculture development responsible for formulating and implementing agricultural policies at the national level, including agrarian services, crop development, livestock, and food security.</p> <p>MoA will implement SAPP II in partnership with development and agribusiness private actors in the country. Internally, MoA operates under several service departments as follows:</p> <ol style="list-style-type: none"> 1. Administration and General Management which comprise of Administration, Human Resource Management and Development, Finance, Internal Audit, Procurement, Transport and Planning Departments 2. The Department of Agricultural Research and Technical Services (DARTS) 3. The Department of Animal Health and Livestock Production (DAHLP) 4. The Department of Crop Production (DCP) 5. The Department of Agricultural Extension Services (DAES) 6. The Department of Land Resources and Conservation (DLRC) <p>Programme Implementation will follow the existing Decentralized Agriculture Extension Service System (DAESS) including Departments of Gender, Youth and Community Development to reach out to the community. The role of the district councils will include the identification and mobilisation of beneficiaries, provision of agricultural extension services, facilitating partnership arrangements for production, aggregation and marketing and M&E. The PMU will support the district councils to establish an implementation team to coordinate the implementation of programme activities.</p>
	Agricultural Development Divisions (ADDs)	<p>Below the central departments in the MoA, there are eight Agricultural Development Divisions (ADDs) which replicate the activities of the six departments at the national level. The ADDs are Karonga, Mzuzu, Kasungu, Lilongwe, Salima, Machinga, Blantyre and Ngabu. Each ADD covers several districts but does not necessarily coincide with regional boundaries.</p> <p>The Agricultural Development Divisions (ADDs) will provide oversight of the district councils in the implementation of SAPP II.</p>
	Extension Planning Areas (EPAs)	The ADDs explained above are further divided into 154 Extension Planning Areas (EPAs) across the country.
	EPA Sections	The EPAs are subdivided into Sections which are the points of service delivery to farmers
3	District Commissioners	<p>In line with the decentralisation efforts of the Government, the district entities will play an important role in the implementation of the Programme. The Government Ministries described above are also represented in different ways at the district levels.</p> <p>At the district level the various government departments all report to the District Commissioner even though they still belong to the line ministries. The District Commissioner provides assistance in the planning and implementation of all developmental activities at the district levels. Among other aspects they provide extension workers who provide technical assistance to farmers on the ground.</p> <p>Under SAPP II, District Commissioners will provide programme implementation oversight through the office of the Director of Agriculture, Environment and Natural Resources, working closely with the Directors of Planning and Development.</p>

	4	Ministry of Natural Resources, Energy and Environment,	Responsible for policy formulation and strategic guidance on environmental issues. The Ministry works through Environmental Affairs Department which is the key department responsible for environment.
		Environmental Affairs Department	EAD is the central government institution that ensures the implementation of the policies on environment and conservation. The relevant mandates of EAD related to SAPP II include establishing and implementing guidelines and procedures to environmental licensing of development projects. Thus, the request for environmental licenses should follow guidelines and procedures established by EAD.
	5	Ministry of Lands	Responsible for land administration and management and establishes and implements guidelines and procedures for land use administration, inspection and monitoring. This will be relevant for the formal request of the land to implement the sub-project.
	6	Ministry of Labour	The Ministry of Labour will deal with the all labour laws and occupational health and safety issues of the Programme including policy guidance on child labour.
	7	Ministry of Health	Community health and nutrition is a priority of the Ministry of Health which has a National Office of Public Health as well as a Department of Community Health in order to develop various programs at the community level including providing better access to health services, community participation, provision of human and financial resources and education/training in preventive and curative care. The primary focus of these programs is around malaria and HIV/AIDS, infant health and malnutrition.
	8	Regional Water Boards	There are three Regional Water Boards whose area of jurisdiction will be traversed by the Programme. These include the North, Central and South Water Authorities. They are all responsible for the management of water resources. Their responsibilities include, among others, analysis of requests for use and benefit of water, discharge of effluent, groundwater and issuing of permits.
	9	Ministry of Public Works, Housing and Water Resources	Ministry of Public Works is the central institution responsible for the implementation and management of activities on public works, construction materials, roads and bridges, urbanization, housing, water resources, water supply and sanitation. SAPP II will indirectly be working with the ministry as beneficiary farmers will be making use of various agro-infrastructure already available across the country
	1	SAPP II Programme Steering Committee	The PSC will be responsible for programme oversight. Ministry of Agriculture Permanent Secretary will be the Chairperson of the Programme Steering Committee (PSC), which will be established under SAPP II. Other members of the PSC will include Principal Secretaries for Ministries of Trade and Industry, Local Government, Unity and Culture; Gender, Child Protection and Social Welfare; Youth and Sports; Natural Resources and Climate Change; Health and the Chief Executive Officers for the Lilongwe University of Agriculture and Natural Resources (LUANAR); National Association of Smallholder Farmers in Malawi (NASFAM); Malawi Confederation of Chambers of Commerce and Industry (MCCCI); Farmers Union of Malawi (FUM), Malawi Bureau of Standards and Civil Society Agriculture Network (CISANET).
	1	SAPP II Programme Technical Committee	Programme Technical Committee (PTC) will provide technical support to both the PSC and the Programme Management Unit (PMU). The Director of Agricultural Planning Services will be the chair of the PTC. The members of the PTC will mirror the membership of the PSC and other technical Directors of the Ministry of Agriculture, including the Head of the National Agriculture Investment Programme (NAIP).

1	<p>SAPP II Programme Management Unit</p> <p>The PMU established under the aegis of the Ministry of Agriculture, will be responsible for day-to-day project implementation of SAPP II. The PMU will be led by a Programme Coordinator who will deliver through an M&E Officer, Assistant M&E Officer, Knowledge Management Officer, Programme Accountant and Assistant Programme Accountant, Gender, Youth, Nutrition and Social Inclusion Officer, Grants Management Officer, Environment and Climate Officer, Procurement Officer, Assistant Procurement Officer, Agribusiness Officer, Administrative Officer/Assistant, Messenger and four Drivers.</p> <p>The PMU will work closely with the technical departments of MoA who will support programme implementation by providing technical expertise in the relevant technical areas of the programme including crop development and animal health & livestock development, agriculture extension & agribusiness, research, land resources conservation and natural resources management.</p>
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3. Summary of Impacts

The potential environmental, social and climate impacts were looked at from a life cycle dimension of the Programme and were examined at each main phase of implementation cycle of the sub-projects. Presentation of the impacts in this document however, was done according to the Programme components within which they are likely to take place. The programme main phases and activities of environmental, social and climate concern are as follows;

a) Planning and design phase

Main activities will include development of ToRs for service providers, submission and processing of subproject bids, value chain analysis, preparation of project business plans and designs, preparation of ESC management plans, formation of committees, groups/associations, brokering of partnerships with private sector including input suppliers, aggregators and/or off takers and setting up FCF.

c) Operational/ maintenance phase

Main activities include capacity building initiatives, production and market systems, land and soil conservation and restoration activities, adaptive research, Institutional strengthening, policy engagement, M&E and Knowledge management

3.1 Positive Impacts

The SAPP II Programme design has quite a number of inherent environmental, social and climate benefits derived from its specific objective to support smallholder farmers to improve productivity and access to

markets resulting in sustainable improved incomes, resilience to climate related shocks, food and nutrition security. Some of the positive impacts from the Programme are as follows:

Addressing underlying SHF productivity challenges: The Programme will address issues of low productivity caused by climate change hazards and extreme weather impacts, land degradation and high pressure on natural resources, lack of knowledge of sustainable agricultural practices and inefficient use of inputs and lack of incentives for women and youth.

The Programme will also address challenges being faced by farmers especially women and youth such as inadequate access to productive resources such as such as land, inputs and technology. The Programme will facilitate access to finance for farmer groups, through the Farmer Challenge Fund (FCF), in addition to facilitating partnerships with mainstream financial institutions.

The Programme will create an enabling environment for job creation and will provide financial services to boost production. Enhanced production will enable the farmer groups to meet household consumption needs and also produce surplus for the market.

Empowerment of Farmer groups: Capacity building and support for farmer groups at their different production levels will empower them to make better decisions regarding their agricultural practices. It may also provide them with new opportunities for income generation.

Enhanced access to markets: The Programme will facilitate market linkages, building value chain and market analyses, by providing coaching and mentorship activities for farmers' groups to implement their business plans and to respond to market demands. This will amplify the farmers' negotiating power for a fair price which will improve their incomes and ability to upgrade their socio-economic status.

Nutrition Co-benefits: The Programme intends to challenge and address adverse cultural practices that prevent or limit access to nutritious foods and dietary diversity especially for vulnerable households.

Environment Co-benefits: The Programme will promote natural resources management (NRM) through Good Agricultural Practices (GAP), soil and water conservation, energy saving technologies, soil fertility improvement, conservation agriculture, and awareness on environmental conservation and management practices. Organic fertilisers and integrated pest management that are eco-friendly will also be a priority for the Programme.

Climate Mitigation and Adaptation Co-benefits: SAPP II will support small-scale climate-proofed infrastructure while causing no additional environmental harm and by supporting smallholder farmers and farmer organizations to increase production and productivity, the Programme will be enhancing their resilience to climatic shocks and stresses. Introducing climate-resilient crop varieties can make agricultural systems more adaptive to climate change, reducing the vulnerability of crop production to extreme weather events and changing climate patterns. Introduction of climate-resilient animal husbandry practices can make livestock systems more adaptive to climate change, potentially reducing methane emissions from enteric fermentation and increasing the resilience of livestock to heat stress.

By financing climate-resilient interventions, the Programme can contribute to climate change adaptation and mitigation, for example through projects that reduce carbon emissions or enhance resilience to

climate impacts e.g., agroforestry, reforestation, thus contributing to the implementation of nationally determined contributions.

Gender and Social Inclusion: The project places a strong emphasis on social inclusion, with ambitious goals for the inclusion of women, youth and people with disabilities in the development of value chains through targeted financial and technical support to promote efficient production systems, enhance participation and hence economic empowerment, through the Household Approach (HA).

SAPP II will support initiatives for reducing and balancing workloads for women related to fetching firewood, water soil management and soil management.

Research and development: SAPP II will continue to contribute to the board of knowledge by building on SAPP research development to promote adoption of technologies developed under adaptive research.

3.2 Negative Impacts

Whilst the Programme is designed to mitigate all envisaged negative impacts, it is necessary to be precautionary as there may be proliferation of harmful practices due to inadequate knowledge, bad attitudes, behaviours and practices as well as resistance to change among stakeholders. Communities are dynamic and new issues will continue to come up which the Programme needs to be on the lookout for. Based on the stakeholder engagement held between 12th – 22nd June, 2023 and comprehensive review of existing national literature including IFAD process guidelines, the following negative impacts and risks were established;

Table 2: Negative Impacts and Proposed Mitigation Measures

No.	CATEGORY	CAUSE	IMPACT	MITIGATION MEASURES
COMPONENT 1: INCREASED SMALLHOLDER PRODUCTIVITY AND CLIMATE RESILIENCE				
1	GHG emissions	<ul style="list-style-type: none"> - Intensification of agricultural production following the commercialisation drive - Agro-processing, increased traffic due to improved market linkages (production of carbon dioxide, nitrogen and Sulphur) - Production of methane and nitrous oxide from livestock breeding 	<ul style="list-style-type: none"> - Depletion of ozone layer and global warming 	<ul style="list-style-type: none"> - Promote sustainable farming practices, such as organic farming and agro ecology, that minimize reliance on chemical fertilizers and reduce greenhouse gas emissions. - Promote the use of renewable energy sources, such as solar or wind power, for agro-processing operations to minimize energy consumption and reduce environmental impacts - Encourage the use of precision agriculture techniques to optimize fertilizer application, minimizing excess use and associated emissions. - Support the adoption of climate-smart livestock management practices, including improved feeding methods and methane capture technologies, to reduce methane emissions from livestock
2	Climate Change Effects	<ul style="list-style-type: none"> - Dry spells, seasonal droughts, intense rainfall, strong winds, riverine floods, flash floods and pests (locusts) 	<ul style="list-style-type: none"> - Loss of productive assets - Post-harvest losses due to unfavorable extreme climatic conditions - sudden damage to road network - Chronic food shortage 	<ul style="list-style-type: none"> - Facilitate Crop and Livestock insurance for farmers to save as fallback plan - Promote livelihoods diversification instead of relying on the same resource base - Strengthen Early warning systems and improved access to weather and climate information interpreted in a format and language that farmers can understand - Promote and intensify on climate smart technologies for crops and livestock and consider introducing the PICSA approach⁶⁴ - Consider multiple weather and climate scenarios in selecting VCs which may mean early maturing crops or drought resistant crops etc. - Include physical risk management of infrastructure at the operational level (e.g., windbreaks, flood barriers, firebreaks) - Use hazard exposure and crop suitability maps to inform the location of processing facilities; retrofit processing facilities with protective devices; facilitate the establishment of an insurance scheme for processing facilities against extreme weather events and preparedness to respond to disasters

⁶⁴ Participatory Integrated Climate Services for Agriculture (PICSA) involves agriculture extension staff working with groups of farmers ahead of the agricultural season to firstly analyse historical climate information and use participatory tools to develop and choose crop, livestock and livelihood options best suited to individual farmers' circumstances <https://ccafs.cgiar.org/resources/tools/participatory-integrated-climate-services-agriculture-picsa>

No.	CATEGORY	CAUSE	IMPACT	MITIGATION MEASURES
				<ul style="list-style-type: none"> - Promote water efficiency techniques e.g., water harvesting, communal ponds (dambos), and groundwater recharge technology - Promote the use of clean/green energy sources at household level and at processing facilities
3	Biodiversity Loss	<ul style="list-style-type: none"> - Practice of monoculture due to introduction of new crop varieties result in a. - Introduction of inappropriate species during rehabilitation of forests and agroforestry activities 	<ul style="list-style-type: none"> - loss of agricultural biodiversity - land vulnerability to pests and diseases - reduced connectivity of species across ecosystems, thereby reducing the potential for generating vital ecosystem services 	<ul style="list-style-type: none"> - Encourage agrobiodiversity by promoting the cultivation of diverse crop varieties and the conservation of native plant species - Support sustainable land-use practices that incorporate ecological corridors and buffer zones to enhance connectivity between ecosystems - Facilitate the implementation of integrated pest management strategies to minimize the need for chemical interventions and reduce impacts on biodiversity - Work in line with the national legislation on seedlings and seed varieties permitted for forest plantations for each district and specific locality
4	Deforestation	<ul style="list-style-type: none"> - Overgrazing due to overstocking of livestock through the Pass-on schemes⁶⁵ - Excessive cutting down of trees for livestock shelters - Excessive grass harvesting for homestead gardens 	<ul style="list-style-type: none"> - High rate of erosion and loss of soil fertility - Pollution to water bodies / and ground water - Reduction in ground cover, enabling erosion and compaction of the land by wind and rain 	<ul style="list-style-type: none"> - Develop grazing land management systems to keep pastures under their carrying capacities (e.g. GIS-based systems, grazing fees, community-based regulation of access) - Integrate the pass on scheme with forestry restoration efforts - Consider using prefabricated material for livestock shelter construction - Promote alternative activities such as bee keeping which will result in better forest management
5	Land and soil degradation	<ul style="list-style-type: none"> - Increase in surface runoff and soil erosion due to increase in exposure of soil - Improper soil management - Excessive application of fertilisers - Poor drainage (water logging) 	<ul style="list-style-type: none"> - Soil degradation and reduced yields - Reduced soil fertility forcing farmers to use chemical fertilisers - Soil salinization - Increased siltation and reduced water holding capacity of surface water bodies 	<ul style="list-style-type: none"> - Implement soil conservation measures within all the fields (check dams, box ridges) - Promote change of cropping patterns and encourage crop diversification - Promote growing of nitrogen-fixing crops and composting of crop residues to minimize loss of soil fertility - Ensure balanced fertilizer application and promote use of bio-fertilizer or organic fertilizers

⁶⁵ It was learnt that on average, each village can have up to 500 goats at a time all practising open grazing

No.	CATEGORY	CAUSE	IMPACT	MITIGATION MEASURES
				<ul style="list-style-type: none"> - Train Farmers on soil health and how they can maintain soil fertility for it to continue being productive
6	Siltation	<ul style="list-style-type: none"> - Upstream agricultural activities 	Siltation of water bodies	<ul style="list-style-type: none"> - Minimise soil erosion by converting areas that are at high risk for erosion due to steep slopes or erodible soils for forage production or grazing and steeply sloped lands under cultivation can be converted to perennial plantations - Wooded areas with poor soils and steep slopes should be left in their natural state to minimize soil erosion. - Farmers should be sensitized and be informed of the impacts of upstream activities in terms of sustainable water supply and this should be extended to the whole community. - Conduct periodic multi-team site monitoring and provide continuous refresher training sessions is necessary.
7	Pollution of Surface and Ground Water	<ul style="list-style-type: none"> - Discharges of fertilizers, nutrients and different chemicals used for pest management (eutrophication). - Agro-processing - Open defecation 	Contamination of surface and Ground water	<ul style="list-style-type: none"> - Implement proper waste management systems according to the national standards - Encourage farmers to use manure (organic fertilizer) to reduce overuse of chemicals - Fertilisers and Pesticides should be applied in the correct manner as stated by the manufacturer including disposal. - Apply Integrated Pesticide management to fight agricultural pests to minimize the use of chemical pesticides. - Promote the use of mechanical controls (e.g. traps, barriers, light, and sound) to kill, relocate, or repel pests
8	Environmental Pollution	<ul style="list-style-type: none"> - Pollution caused by drug waste products (expired vaccine/drugs, vaccine containers, vials, etc.) and dust from construction and farming activities may cause harm to nearby community health 	Polluted environment	<ul style="list-style-type: none"> - Preparation and implementation of integrated vaccine and drug waste management plans throughout the project cycle. - Improve on procurement (taking note of expiry dates) in relation to distribution schedules - Implement proper waste management systems, including recycling and safe disposal of agrochemical containers and other waste materials. - Promote the adoption of eco-friendly technologies and practices, such as biodegradable packaging and low-impact production processes
9	Excessive use of agro-chemicals	<ul style="list-style-type: none"> - The need to maximise production - Incessant crop and livestock pests 	<ul style="list-style-type: none"> - Pesticides residues in crops, meat and dairy products antimicrobial resistance (AMR) - Changes in soil composition and disruption of the balance of microorganisms in the soil. 	<ul style="list-style-type: none"> - Develop and implement Integrated Pest Management Plan - Substitute chemicals with organic pest control measures - Practice intercropping to manage pests - Reduce use of antimicrobial by improving animal health and hygiene practices, animal welfare (e.g. ensuring good air and

No.	CATEGORY	CAUSE	IMPACT	MITIGATION MEASURES
			<p>This stimulates the growth of harmful bacteria at the expense of beneficial kinds.</p> <p>Contamination of soils and groundwater (nitrate is a chemical compound that in large concentrations is poisonous to humans and animals)</p>	water supply quality, appropriate ventilation rates and space allocation)
10	Inefficient water management	<ul style="list-style-type: none"> - Problems with water management at farm level due to poor practices and lack of knowledge on weather patterns and downstream effects 	<ul style="list-style-type: none"> - Overwatering and under watering of crops may occur - Decreased groundwater recharge - Water pollution and possible loss of aquatic fauna within streams 	<ul style="list-style-type: none"> - Help farmers to monitor weather forecasts, as well as soil and plant moisture, and adapt their irrigation schedule to the current conditions - Adopt water conservation and efficiency measures such as water harvesting, efficient irrigation infrastructure, check dams, flood management and drainage - Where groundwater sources are used for irrigation, they should be integrated with efficient use technologies and groundwater replenishment measures - Include awareness and educational messages on water, sanitation and health to avoid negative health impacts at the community level due to water pollution and contamination
11	Impact on livestock Health	<ul style="list-style-type: none"> - Risk of communicable animal diseases - Incessant pests - Poor health and hygiene practices 	<ul style="list-style-type: none"> - Deaths of livestock at a massive rate due to concentrated number in one place as a result of high production levels 	<ul style="list-style-type: none"> - Enhance veterinary surveillance systems to monitor and detect disease outbreaks promptly, enabling early intervention and containment measures. - Promote animal health and hygiene practices, animal welfare (e.g. ensuring good air and water supply quality, appropriate ventilation rates and space allocation) - Promote diversified livestock farming systems to reduce the concentration of susceptible animals and enhance resilience against diseases and pests. - Strengthen extension services to educate farmers about climate-related disease and pest risks and provide guidance on preventive measures and integrated pest management strategies.
12	Post-harvest processing	<ul style="list-style-type: none"> - Natural process taking place - Inefficient handling methods - Improperly constructed facilities 	<ul style="list-style-type: none"> - Noise, dust liquid and solid waste from post harvesting processing facilities 	<ul style="list-style-type: none"> - Provide protective wear to workers during civil works to protect ear drums - Provide outlet channels for liquid waste - Reuse, recycle solid waste for manure or animal feed as necessary

No.	CATEGORY	CAUSE	IMPACT	MITIGATION MEASURES
13	Low Nutritional uptake and dietary diversity	<ul style="list-style-type: none"> - Failure to prioritise HH nutrition in a bid to meet market demands and earn an income - Practising monoculture - No dietary diversity at HH level - Negative impacts on food safety, e.g. contamination of water sources 	<ul style="list-style-type: none"> - Malnutrition in all its forms (underweight, micronutrient deficiency, overweight, and obesity) - Stunting for children under 5 years 	<ul style="list-style-type: none"> - Promote diversified cropping systems such as crop rotation, intercropping, agroforestry, and mixed crop/livestock systems - Promote dietary diversity and introduce new menus during farmers' field days - Promote neglected and underutilised species that are climate resilient and have high nutritional value - Collaboration with the Dept. of Nutrition for training on food security and nutrition
14	Health and Safety of farmers and workers	<ul style="list-style-type: none"> - Poisoning from agro-chemicals - Injury in the fields - Road accidents - Improper use or lack of PPE and human error 	<ul style="list-style-type: none"> - Injuries, deaths - Loss of productive time due to injuries and infections caused by farm work, - Increased medical bills from treatment of work-related injuries and infections 	<ul style="list-style-type: none"> - Provide appropriate PPE Continuous sensitization on use PPE like gum boots and gloves as necessary - Promote responsible and sustainable agricultural practices that minimize the use of agrochemicals and encourage the adoption of organic and natural farming methods - Sensitization and training on OHS issues and continuous supervision

COMPONENT 2: COMMERCIALISATION OF SMALLHOLDER FARMING SYSTEMS PROMOTED

15	Social Inter-district and Group Conflicts	<ul style="list-style-type: none"> - Choosing same districts for Programme Implementation as SAPP - Power dynamics in groups, associations and committees which will be formed and/or strengthened - Competition over resources – water, pastures etc - Jealousy and sabotage from non-participating HH 	<ul style="list-style-type: none"> - Sabotage - Inequality in access to resources - Unproductiveness - Weak farmers being pushed out of the system 	<ul style="list-style-type: none"> - Foster inclusive and participatory dialogue among different social groups to address grievances, promote understanding, and prevent conflicts. - Establish mechanisms for dispute resolution and conflict management, ensuring fair and transparent processes for resolving conflicts related to land, water, and resource use. - Promote social cohesion and community engagement through capacity-building programs, awareness campaigns, and strengthening local governance structures
16	Access to Post-harvest/processing infrastructure	<ul style="list-style-type: none"> - Community dynamics and sense of entitlement as old beneficiaries may block access to resources e.g. warehouses. NB: SAPP II is not providing any physical 	<ul style="list-style-type: none"> - Failure or difficulties in accessing post-harvest infrastructure and facilities - Failure to get produce to the market as expected 	<ul style="list-style-type: none"> - The synergistic relationship at portfolio level needs to be translated to the local level using appropriate social cohesion approaches

No.	CATEGORY	CAUSE	IMPACT	MITIGATION MEASURES
		infrastructure but will leverage on existing ones.		
17	Poor post-harvest handling	<ul style="list-style-type: none"> - Inadequate knowledge on value addition - Inadequate knowledge and technical support on post-harvest management of produce - Limited knowledge on markets 	<ul style="list-style-type: none"> - Train farmers on post-harvest management including value-added processing techniques, food safety protocols and quality standards for various commodities - Infrastructure development is critical at irrigation scheme level e.g., cold rooms and shade nets to maintain quality of produce⁶⁶ - Facilitate research and development of appropriate post-harvest technologies to help reduce post-harvest losses. 	
18	Commercialisation Pressure on Households	<ul style="list-style-type: none"> - Inability to manage production dynamically due to a lack of local knowledge - Other competing requirements such as NRM conservation and restoration and homestead gardens 	<ul style="list-style-type: none"> - Fatigue and giving up - Low production levels - Overburdened women - Children labour 	<ul style="list-style-type: none"> - Invest in local capacity for planning, monitoring, decision making and financial management - Provide training on climate issues and support for farmer-based research and knowledge systems; - Include smallholders in policy dialogue and scenario building exercises - Promote the HA approach to encourage sharing of tasks at family level
19	Land-related conflicts and additional pressure on limited resources	<ul style="list-style-type: none"> - Increased production resulting in increased demand for farming land - Land clearing (NB. SAPP II will strictly not be involved in any land clearing and will 	<ul style="list-style-type: none"> - Community Conflicts over access to land - New land clearing may affect the local microclimate and exacerbate climatic hazards 	<ul style="list-style-type: none"> - Undertake participatory mapping and land use planning with communities with the help of local leaders and DAESS

⁶⁶ Although SAPP II is not supporting any infrastructure development, this is necessary in the event that selected beneficiaries are struggling to access such facilities

No.	CATEGORY	CAUSE	IMPACT	MITIGATION MEASURES
		work in the existing farming lands)		
20	Child labour	- Children dropping out from school as the industry becomes more lucrative.	- Children under the age of 15years being subjected to work	<ul style="list-style-type: none"> - Enforce labor laws and regulations that protect workers' rights, including regulations against child labor and hazardous working conditions - Partnership with ministry and department responsible for child labour monitoring to ensure no child labour take place - Training of Government and implementing partners/service providers on child labour in relation to IFAD and GoM laws
21	Gender Based Violence and Sexual harassment	- Unequal gender relations and discrimination towards women in both public and private sphere	<ul style="list-style-type: none"> - Low self esteem - Loss of productive time resulting in Low productivity 	<ul style="list-style-type: none"> - Conducting gender-sensitive and participatory consultations while finalising and designing the various sub-project activities - Promote sensitisation campaigns for on gender equality and against gender biases. Community and Household level - Gender Action Plan with gender mainstreaming actions: Sensitization of local communities, including gatekeepers, establishment of community-driven support measures against SEAH and GBV, - Establishment and operationalization of community-driven support measures against SEAH and GBV and GBV referral pathways. Gender Based Violence and SEA/SH Assessment and Action Plan shall be prepared, disclosed, consulted upon, adopted, and thereafter implemented across all relevant activities line with international standards and procedures
22	HIV/AIDS and other STDs	- Increase in sexual interactions between farmers and outside people as opportunities to markets increase	Risks of introduction and spread of communicable diseases and sexually transmitted diseases	<ul style="list-style-type: none"> - Integrating training on health issues into worker health and safety induction programmes and as a regular part of continuous worker training - Take special measures to prevent the spread of HIV/AIDS and other sexually transmitted infections (STIs), both in the greater community - Conduct HIV and AIDS awareness and training through Reproductive Health Rights
COMPONENT 3: STRENGTHENED INSTITUTIONAL CAPACITY AND KNOWLEDGE MANAGEMENT SYSTEMS				
	Poor Monitoring of developed agricultural	Poor monitoring of developed agricultural for adoption	Research failing to transform livelihoods of farmers	<ul style="list-style-type: none"> - Use of contract service providers - Use radios, TVs, and internet services and mobile SMS in passing on messages

No.	CATEGORY	CAUSE	IMPACT	MITIGATION MEASURES
23	research technologies	- Poor adaptation and utilization of agriculture technology	- Poor environmental management - Inability to scale-up best practices	- Use group demonstration of technologies - Use participatory methods of technology transfer

3.2 Proposed Mitigation Measures

Mitigation identifies measures and actions in accordance with the mitigation hierarchy that avoid or if avoidance not possible, reduce or mitigate potentially significant adverse environmental, socials and climate impacts/risks to acceptable levels.

IFAD will not fund any activity that falls within its exclusion list⁶⁷ and thus, the following related aspects will not be funded under SAPP II and proposed sub-projects:

- (i) Production or activities involving harmful or exploitative forms of forced labour, or practices which prevent employees from lawfully exercising their rights of association and collective bargaining;
- (ii) Production or activities involving harmful or exploitative forms of child labour
- (iii) Production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous peoples, without full documented consent of such peoples (SAPP II interventions will be limited to existing cultivated and fallow lands)
- (iv) Activities prohibited by host-country legislation or international conventions relating to the protection of biodiversity resources, cultural heritage or other legally protected areas
- (v) The production, trade in or use of any product or activity deemed illegal under host country (i.e. national) laws or regulations, international conventions and agreements, or subject to international phase-out or bans, such as:
 - a. Products containing polychlorinated biphenyls (PCBs);
 - b. Pharmaceuticals, pesticides, herbicides and other hazardous substances subject to international phase-outs or bans
 - c. Ozone-depleting substances subject to international phase-outs regulated by the Montreal Protocol
- (vi) Activities prohibited by host country legislation or other legally binding agreements regarding genetically modified organisms (GMOs)

This ESCMP will be further revised (as may be necessary) for the specific subprojects, districts, EPAs and communities with the aim to:

- Identify and summarise all anticipated significant adverse environmental, social and climate impacts
- Provide time-bound specific recommendations for avoiding adverse impacts, and where avoidance is not possible, for reducing, mitigating, and managing those impacts for all project activities. It describes each mitigation measure (with technical details), including the type of impact to which it relates and the conditions under which it is required (e.g. continuously or in the event of contingencies), together with designs, equipment descriptions, and operating procedures, as appropriate.
- Further identify project activities that cannot take place until certain standards, requirements and mitigation measures are in place and carried out (complementing and updating what has already been identified in this ESCMP).
- Estimates any potential environmental, social and climate impacts of mitigation measures and any residual impacts following mitigation
- Recommend site-specific management plans, as necessary clearly outlining the management objectives, potential impacts, control activities and the performance criteria against which projects will be evaluated.

⁶⁷ Full exclusion list: SECAP, 2021 Volume I [International Fund for Agricultural Development \(ifad.org\)](http://www.ifad.org)

Recommendations will be adopted and integrated into the project activities, monitoring and reporting framework and budget.

- Recommend capacity development and training requirements
- Define roles and responsibilities for the implementation of mitigation measures
- Provide implementation schedule, cost estimates and funding sources

The mitigation measures can be grouped in two categories as follows:

- Standard mitigation measures that are applicable throughout the project.
- Specific mitigation measures to be applied at specific locations or a specific component of the environment and affected community in the project.

The ESCMP should include both types of mitigation measures to eliminate if possible or reduce the residual impacts of the project to acceptable levels if elimination of the impact is not possible.

ENVIRONMENTAL, SOCIAL AND CLIMATE MANAGEMENT PLAN (ESCMP)

Table 3: ESCMP Matrix

No.	Environmental/Social and climate Impacts	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution in Implementation Phase	Means of Verification (Monitoring and reporting)	Frequency of Verification	Cost Estimate	
Review, Customisation and Implementation of ESCMP								
1	All possible adverse environmental and social impacts as a result of SAPP II	- ESCMP Updating/Customisation and Dissemination	- Stakeholder Meetings	PMU	Updated and disclosed ESCMP	Preparation stage and annually	50,000.00	
		- Review of GRM and disclosure to all stakeholders	- Stakeholder Engagement	PMU	Reviewed and disseminated GRM	Preparation stage		
		- Updating SEP for the subprojects	- Stakeholder Engagement	PMU	1. Customised SEP	Preparation stage and annually		
		- Technical training and mentorship on the implementation of the ESCMP	- Training workshops	Consultant	Training reports			
		- Quarterly Monitoring and bi-annual technical audits	- Participatory monitoring and Stakeholder feedback Meetings	Consultant		Quarterly	50,000.00	
CLIMATE								
2	GHG Emissions	Promote sustainable farming practices, such as organic farming and agroecology, that minimize reliance on	Awareness raising Campaign Farmer Field Schools	PMU EAD	No. of campaigns held	Annually	Output 1.2 Output 2.1	

No .	Environmental/Social and climate Impacts	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution in Implementation Phase	Means Verification (Monitoring and reporting)	Frequency of Verification	Cost Estimate	
		<p>chemical fertilizers and reduce greenhouse gas emissions.</p> <p>Promote the use of renewable energy sources, such as solar or wind power, for agro-processing operations to minimize energy consumption and reduce environmental impacts</p> <p>Encourage the use of precision agriculture techniques to optimize fertilizer application, minimizing excess use and associated emissions.</p> <p>Support the adoption of climate-smart livestock management practices, including improved feeding methods and methane capture technologies, to reduce methane emissions from livestock</p>		DoDMA	No of farmers trained and completed theory and practicals			
3	Climate Change Effects	<ul style="list-style-type: none"> - Facilitate Crop and Livestock insurance for farmers to save as fallback plan - Promote livelihoods diversification instead of relying on the same resource base - Strengthen Early warning systems and improved 	<ul style="list-style-type: none"> - Messages through media platforms - Farmer Field Schools - Emergency response drills 	<ul style="list-style-type: none"> PMU EAD DoDMA Media platforms 	<ul style="list-style-type: none"> - No. of campaigns held - No of farmers trained and completed theory and practicals 	Annually	<ul style="list-style-type: none"> Output 1.2 Output 2.1 	

No.	Environmental/Social and climate Impacts	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution in Implementation Phase	Means Verification of (Monitoring and reporting)	Frequency of Verification	Cost Estimate	
		<p>access to weather and climate information interpreted in a format and language that farmers can understand</p> <ul style="list-style-type: none"> - Promote and intensify on climate smart technologies for crops and livestock and consider introducing the PICSA approach⁶⁸ - Consider multiple weather and climate scenarios in selecting VCs which may mean early maturing crops or drought resistant crops etc - Include physical risk management of infrastructure at the operational level (e.g., windbreaks, flood barriers, firebreaks) - Use hazard exposure and crop suitability maps to inform the location of processing facilities; retrofit processing facilities with protective devices; facilitate the establishment of an insurance scheme for processing facilities 						

⁶⁸Participatory Integrated Climate Services for Agriculture (PICSA) involves agriculture extension staff working with groups of farmers ahead of the agricultural season to firstly analyse historical climate information and use participatory tools to develop and choose crop, livestock and livelihood options best suited to individual farmers' circumstances <https://ccafs.cgiar.org/resources/tools/participatory-integrated-climate-services-agriculture-picsa>

No.	Environmental/Social and climate Impacts	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution in Implementation Phase	Means Verification (Monitoring and reporting)	Frequency of Verification	Cost Estimate	
		<p>against extreme weather events and preparedness to respond to disasters</p> <p>Promote water efficiency techniques e.g., water harvesting, communal ponds (dambos), and groundwater recharge technology</p> <p>Promote the use of clean/green energy sources at household level and at processing facilities</p>						
ENVIRONMENT								
4	Biodiversity Loss	<ul style="list-style-type: none"> - Encourage agrobiodiversity by promoting the cultivation of diverse crop varieties and the conservation of native plant species - Support sustainable land-use practices that incorporate ecological corridors and buffer zones to enhance connectivity between ecosystems - Facilitate the implementation of integrated pest management strategies to minimize the need for chemical interventions and reduce impacts on biodiversity 	<ul style="list-style-type: none"> - NRM Committee meetings - Farmer Field School 	<ul style="list-style-type: none"> PMU EAD 	<ul style="list-style-type: none"> - No. of meetings held 	Annually	Output 1.3	

No.	Environmental/Social and climate Impacts	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution in Implementation Phase	Means Verification (Monitoring and reporting)	Frequency of Verification	Cost Estimate	
		- Work in line with the national legislation on seedlings and seed varieties permitted for forest plantations for each district and specific locality						
5	Deforestation	<ul style="list-style-type: none"> - Develop grazing land management systems to keep pastures under their carrying capacities (e.g. GIS-based systems, grazing fees, community-based regulation of access) - Integrate the pass on scheme with forestry restoration efforts - Consider using prefabricated material for livestock shelter construction - Promote alternative activities such as bee keeping which will result in better forest management 	<ul style="list-style-type: none"> - Farmer Field School - NRM Committee meetings 	<ul style="list-style-type: none"> - PMU - EAD 	<ul style="list-style-type: none"> - No. of meetings held - No of farmers trained and completed theory and practicals 	Annually	Output 1.3	
7	Land and soil degradation	<ul style="list-style-type: none"> - Implement soil conservation measures within all the fields (check dams, box ridges) - Promote change of cropping patterns and encourage crop diversification - Promote growing of nitrogen-fixing crops and 	<ul style="list-style-type: none"> - Farmer Field School - NRM Committee meetings 	<ul style="list-style-type: none"> - PMU - EAD 	<ul style="list-style-type: none"> - No. of meetings held - No of farmers trained and completed theory and practicals 	Bi-annually	Output 1.3	

No .	Environmental/Social and climate Impacts	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution in Implementation Phase	Means Verification of (Monitoring and reporting)	Frequency of Verification	Cost Estimate	
		<ul style="list-style-type: none"> - composting of crop residues to minimize loss of soil fertility - Ensure balanced fertilizer application and promote use of bio-fertilizer or organic fertilizers - Train Farmers on soil health and how they can maintain soil fertility for it to continue being productive 						
7	Siltation	<ul style="list-style-type: none"> - Minimise soil erosion by converting areas that are at high risk for erosion due to steep slopes or erodible soils for forage production or grazing and steeply sloped lands under cultivation can be converted to perennial plantations - Wooded areas with poor soils and steep slopes should be left in their natural state to minimize soil erosion. - Farmers should be sensitized and be informed of the impacts of upstream activities in terms of sustainable water supply and this should be extended to the whole community. - Conduct periodic multi-team site monitoring and provide continuous 	<ul style="list-style-type: none"> - Farmer Field School - NRM Committee meetings - Wider Community meetings 	<ul style="list-style-type: none"> - PMU - EAD 	<ul style="list-style-type: none"> - No. of meetings held - No of farmers trained and completed theory and practicals 	<ul style="list-style-type: none"> - Annually 	<ul style="list-style-type: none"> - Output 1.3 - Output 2.1 	

No.	Environmental/Social and climate Impacts	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution in Implementation Phase	Means Verification (Monitoring and reporting)	Frequency of Verification	Cost Estimate	
		refresher training sessions is necessary.						
8	Pollution of Surface and Ground Water	<ul style="list-style-type: none"> - Implement proper waste management systems according to the national standards - Encourage farmers to use manure (organic fertilizer) to reduce overuse of chemicals - Fertilisers and Pesticides should be applied in the correct manner as stated by the manufacturer including disposal. - Apply Integrated Pesticide management to fight agricultural pests to minimize the use of chemical pesticides. - Promote the use of mechanical controls (e.g. traps, barriers, light, and sound) to kill, relocate, or repel pests 	<ul style="list-style-type: none"> - Farmer Field School - Participatory monitoring - Community awareness raising meetings 	<ul style="list-style-type: none"> PMU EAD DAESS 	<ul style="list-style-type: none"> No. of meetings held No of monitoring visits conducted No of farmers trained and completed theory and practicals 	Quarterly	Output 2.1 Output 1.3	
9	Environmental Pollution	<ul style="list-style-type: none"> - Preparation and implementation of integrated vaccine and drug waste management plans throughout the project cycle. - Improve on procurement (taking note of expiry dates) in relation to distribution schedules 	<ul style="list-style-type: none"> - Farmer Field School - Community awareness raising meetings 	<ul style="list-style-type: none"> PMU EAD DAESS 	<ul style="list-style-type: none"> No. of meetings held No of farmers trained and completed theory and practicals 	quarterly	Output 2.1 Output 1.3	

No.	Environmental/Social and climate Impacts	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution in Implementation Phase	Means Verification (Monitoring and reporting)	Frequency of Verification	Cost Estimate	
		<ul style="list-style-type: none"> - Implement proper waste management systems, including recycling and safe disposal of agrochemical containers and other waste materials. - Promote the adoption of eco-friendly technologies and practices, such as biodegradable packaging and low-impact production processes 						
10	Excessive use of agro-chemicals	<ul style="list-style-type: none"> - Develop and implement Integrated Pest Management Plan - Substitute chemicals with organic pest control measures - Practice intercropping to manage pests - Reduce use of antimicrobial by improving animal health and hygiene practices, animal welfare (e.g. ensuring good air and water supply quality, appropriate ventilation rates and space allocation) 	<ul style="list-style-type: none"> - Farmer School - Field 	<ul style="list-style-type: none"> - PMU - EAD - DAESS 	No of farmers trained and completed theory and practicals	<ul style="list-style-type: none"> - Quarterly 	<ul style="list-style-type: none"> - Output 2.1 - Output 1.3 	
11	Inefficient water management	<ul style="list-style-type: none"> - Help farmers to monitor weather forecasts, as well as soil and plant moisture, and adapt their irrigation 	<ul style="list-style-type: none"> - Farmer School - Field - Community awareness raising meetings 	<ul style="list-style-type: none"> - PMU - MoWID 	No. of meetings held	<ul style="list-style-type: none"> - Quarterly 	<ul style="list-style-type: none"> - Output 2.1 	

No .	Environmental/Social and climate Impacts	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution in Implementation Phase	Means of Verification (Monitoring and reporting)	Frequency of Verification	Cost Estimate	
		<p>schedule to the current conditions</p> <ul style="list-style-type: none"> - Adopt water conservation and efficiency measures such as water harvesting, efficient irrigation infrastructure, check dams, flood management and drainage - Where groundwater sources are used for irrigation, they should be integrated with efficient use technologies and groundwater replenishment measures - Include awareness and educational messages on water, sanitation and health to avoid negative health impacts at the community level due to water pollution and contamination 		DAESS	No of farmers trained and completed theory and practicals			
12	Impact on livestock Health	<ul style="list-style-type: none"> - Enhance veterinary surveillance systems to monitor and detect disease outbreaks promptly, enabling early intervention and containment measures. - Promote animal health and hygiene practices, animal welfare (e.g. ensuring good air and water supply quality, appropriate ventilation 	Farmer Field School	PMU DAESS Department of Animal Health and Livestock Development	<ul style="list-style-type: none"> - No. of meetings held - No of farmers trained and completed theory and practicals 	Monthly	Output 2.1	

No.	Environmental/Social and climate Impacts	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution in Implementation Phase	Means Verification (Monitoring and reporting)	Frequency of Verification	Cost Estimate	
		<p>rates and space allocation)</p> <ul style="list-style-type: none"> - Promote diversified livestock farming systems to reduce the concentration of susceptible animals and enhance resilience against diseases and pests. - Strengthen extension services to educate farmers about climate-related disease and pest risks and provide guidance on preventive measures and integrated pest management strategies. 						
13	Post-Harvesting Processing	<ul style="list-style-type: none"> - Provide protective wear to workers during civil works to protect ear drums - Provide outlet channels for liquid waste - Reuse, recycle solid waste for manure or animal feed as necessary 	<p>Farmer Field School</p>	<p>PMU DAESS</p>	<p>No of farmers trained and completed theory and practicals</p>	Seasonally	Output 2.1	
SOCIAL								
14	Low Nutritional uptake and dietary diversity	<ul style="list-style-type: none"> - Promote diversified cropping systems such as crop rotation, intercropping, agroforestry, and mixed crop/livestock systems 	<p>Household Approach (HA) Farmer Field Days</p>	<p>PMU Department of Nutrition</p>	<p>No. of participants adopting the HA</p>	Monthly	Output 1.2	

No.	Environmental/Social and climate Impacts	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution in Implementation Phase	Means Verification of (Monitoring and reporting)	Frequency of Verification	Cost Estimate	
		<ul style="list-style-type: none"> - Promote dietary diversity and introduce new menus during farmers' field days - Promote neglected and underutilised species that are climate resilient and have high nutritional value - Collaboration with the Dept. of Nutrition for training on food security and nutrition 		Department of Gender				
15	Health and Safety of farmers and workers	<ul style="list-style-type: none"> - Provide appropriate PPE - Continuous sensitization on use PPE like gum boots and gloves as necessary - Promote responsible and sustainable agricultural practices that minimize the use of agrochemicals and encourage the adoption of organic and natural farming methods - Sensitization and training on OHS issues and continuous supervision 	Awareness raising seminars/meetings	PMU Ministry of Labour Ministry of Health	No. of seminars/meetings held	Monthly	150,000.00	
16	Social inter district and Group related conflicts	<ul style="list-style-type: none"> - Foster inclusive and participatory dialogue among different social groups to address grievances, promote understanding, and prevent conflicts. - Establish mechanisms for dispute resolution and conflict management, 	GRM	PMU Ministry of Labour	No. of cases raised and investigated	Quarterly	50,000.00	

No.	Environmental/Social and climate Impacts	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution in Implementation Phase	Means Verification (Monitoring and reporting)	Frequency of Verification	Cost Estimate	
		<p>ensuring fair and transparent processes for resolving conflicts related to land, water, and resource use.</p> <p>Promote social cohesion and community engagement through capacity-building programs, awareness campaigns, and strengthening local governance structures</p>						
17	Poor post-harvest handling	<ul style="list-style-type: none"> - Train farmers on post-harvest management including value-added processing techniques, food safety protocols and quality standards for various commodities - Infrastructure development is critical at irrigation scheme level e.g., cold rooms and shade nets to maintain quality of produce⁶⁹ - Facilitate research and development of appropriate post-harvest technologies to help reduce post-harvest losses. 	<p>Farmer School Field</p>	<p>PMU DAESS</p>	<p>No of farmers trained and completed theory and practicals</p>	<p>Seasonally</p>	<p>Output 2.1</p>	

⁶⁹ Although SAPP II is not supporting any infrastructure development, this is necessary in the event that selected beneficiaries are struggling to access such facilities

No .	Environmental/Social and climate Impacts	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution in Implementation Phase	Means of Verification (Monitoring and reporting)	Frequency of Verification	Cost Estimate	
18	Commercialisation Pressure on Households	<ul style="list-style-type: none"> - Invest in local capacity for planning, monitoring, decision making and financial management - Provide training on climate issues and support for farmer-based research and knowledge systems; - Include smallholders in policy dialogue and scenario building exercises - Promote the HA approach to encourage sharing of tasks at family level 	<ul style="list-style-type: none"> - Training workshops - Household Approach 	<ul style="list-style-type: none"> - PMU - EAD - DAES 	<ul style="list-style-type: none"> - No. of Training Workshops held 	Seasonally	Output 2.1	
19	Land-related conflicts and additional pressure on limited resources	<ul style="list-style-type: none"> - Undertake participatory mapping and land use planning with communities with the help of local leaders and DAESS 	<ul style="list-style-type: none"> - Participatory mapping 	<ul style="list-style-type: none"> - PMU - Department of Land Resource Conservation 	<ul style="list-style-type: none"> - Land maps produced 	Quarterly	20,000.00	
20	Child labour	<ul style="list-style-type: none"> - Enforce labor laws and regulations that protect workers' rights, including regulations against child labor and hazardous working conditions - Partnership with ministry and department responsible for child labour monitoring to ensure no child labour take place - Training of Government and implementing 	<ul style="list-style-type: none"> - Education and awareness raising - Training of Government personnel 	<ul style="list-style-type: none"> - PMU - Ministry of Social Welfare 	<ul style="list-style-type: none"> - No of awareness raising sessions - No of training workshop - No of participants trained 	Monthly	150,000.00	

No .	Environmental/Social and climate Impacts	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution in Implementation Phase	Means Verification of (Monitoring and reporting)	Frequency of Verification	Cost Estimate	
		partners/service providers on child labour in relation to IFAD and GoM laws						
21	Gender-based violence, sexual exploitation and abuse, sexual harassment related grievances (GBV/SEA/SH)	<ul style="list-style-type: none"> - Conducting gender-sensitive and participatory consultations while finalising and designing the various sub-project activities - Promote sensitisation campaigns on gender equality and against gender biases. Community and Household level - Gender Action Plan with gender mainstreaming actions: Sensitization of local communities, including gatekeepers, establishment of community-driven support measures against SEA/SH and GBV, - Establishment and operationalization of community-driven support measures against SEA/SH and GBV and GBV referral pathways. Gender Based Violence and SEA/SH Assessment and Action Plan shall be prepared, disclosed, consulted upon, adopted, 	<ul style="list-style-type: none"> - Education and awareness raising Training of Government personnel 	<ul style="list-style-type: none"> - PMU - Department of Gender - Ministry of Social Welfare 	<ul style="list-style-type: none"> - No of awareness raising sessions - No of training workshop - No of participants trained 	Monthly	200,000.00	

No .	Environmental/Social and climate Impacts	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution in Implementation Phase	Means Verification (Monitoring and reporting)	Frequency of Verification	Cost Estimate	
		and thereafter implemented across all relevant activities line with international standards and procedures						
22	HIV/AIDS and other STDs	<ul style="list-style-type: none"> - Integrating training on health issues into worker health and safety induction programmes and as a regular part of continuous worker training - Take special measures to prevent the spread of HIV/AIDS and other sexually transmitted infections (STIs), both in the greater community - Conduct HIV and AIDS awareness and training through Reproductive Health Rights 	Awareness and training	PMU Ministry of Health	<ul style="list-style-type: none"> - No of trainings held and participants 	Quarterly	50,000.00	
23	Poor Monitoring of developed agricultural research technologies	<ul style="list-style-type: none"> - Use of contract service providers - Use radios, TVs, and internet services and mobile SMS in passing on messages - Use group demonstration of technologies - Use participatory methods of technology transfer 	Publicization through Media Demonstration sessions	PMU DARS	<ul style="list-style-type: none"> - No of research publicized - No of demonstrations held 	Annually	Output 3.2	

4. Monitoring Programs and Parameters

Not all the activities under SAPP II will need preparation of ESC Monitoring plan but projects that have already been flagged as causing adverse effects to the environment and to communities will need to be monitored.

The overall responsibility for monitoring will lie with the PMU working in close collaboration with the Department of Environment Affairs whose staff at EPA level are already trained in environmental issues and natural resources management. It is the responsibility of the PMU to seek expert guidance from responsible ministries on the implementation and monitoring of specific issues e.g. child labour or GBV and SEAH. IFAD will also conduct follow up missions to ensure adherence to environmental, social and climate safeguards. Monitoring of the ESCMP will involve;

- i) Reviewing the sub-project detailed site specific ESCMPs and its specific procedures, ascertaining that negative impacts and mitigation measures have been identified
- ii) Managing sub projects sites in terms of bio-physical conditions, status of physical works in the farms, technical challenges, social and gender relations among other issues
- iii) Monitoring implementation and compliance with regulations
- iv) Executing specific environmental and social works
- v) Monitoring effectiveness of proposed solutions to environmental, social and climate problems and measures adopted
- vi) Seeking and proposing solutions to emerging major environmental impacts
- vii) Regular reporting (monthly, quarterly, biennially or annual basis depending on the aspects being monitored to avoid any serious environmental consequences)
- viii) Conducting environmental and social compliance and assessment at the end of the project

The table below is an indicative plan and must be further developed/updated for specific sub-projects.

Table 4: Indicative Training Plan

Impact	Monitoring Parameter	Frequency of Monitoring	Responsible Institution	Implementation Timeframe	Budget
Adherence to the ESCMP	No. of monitoring visits and reports produced	According to specific parameter monitoring timelines	IFAD Auditor/Consultant	Bi-annually	Project
GHG emission	No of HH adopting the use of solar energy No of agro-processing facilities using renewable energy	Annually	PMU	Implementation	Project
Effective Early Warning System	No. of bulletins per month	Monthly	PMU	Implementation	Project
Risk management infrastructure	Windbreaks, flood barriers, firebreaks created	Annually	PMU	Implementation	Project
Climate smart livestock breeding	No. of farmers adopting CSA techniques	Seasonally	PMU	Implementation	Project

Impact	Monitoring Parameter	Frequency of Monitoring	Responsible Institution	Implementation Timeframe	Budget
Grazing land management	Grazing land management plans developed Forestry restoration efforts made Bee keeping practiced	Bi- annually	PMU	Implementation	Project
Land and soil degradation	- Record of soil conservation measures implemented - Reforestation Before and after scenarios / pictures or testimonies - No of farmer trainings conducted - No of farmers practicing organic farming (intercropping, manure etc) - Stoppage/absence of streambank/upstream cultivation - Erosion risky areas converted to grass/tree fields or plantations	Bi-annually	PMU	Implementation	Project
Environmental Pollution	- Waste management plan developed - Waste disposal channels constructed and/or waste removal is conducted periodically - Integrated Pesticide management	Quarterly	PMU	Implementation	10,000.00
The risk of social tension and conflict	- Conflict analysis conducted - No. of community consultations held - GRM put in place - traditional/informal dispute/conflict mediation institutions	Quarterly	PMU	Planning phase	20,000.00
Child Labour	- No. of training sessions held - Number of age verified workers - LMP prepared and implemented - No of M&E missions conducted	Quarterly	PMU	Implementation	15,000.00

Impact	Monitoring Parameter	Frequency of Monitoring	Responsible Institution	Implementation Timeframe	Budget
	- GRM established				
GBV-Sexual Exploitation and Abuse and Sexual Harassment (SEA/SH)	<ul style="list-style-type: none"> - Gender and Social Inclusion Specialist assigned - GRM strategy adopted - Code of conduct prepared and disclosed - No of training sessions conducted - Cases of GBV reported and investigated 	Quarterly (but open to reports all the time)	PMU	Implementation	30,000.00

5. Public Consultation Activities

Projects with potential for significant adverse impacts may require public consultation on the design of mitigation measures and provide for public participation in environmental monitoring. Stakeholder consultation is also necessary during the preparation of final monitoring reports.

The degree of consultation will depend on the project and local situation, but will normally include:

- i. notification of local communities when project activities are going to take place;
- ii. disclosure of the results of emergency plan or monitoring programs to local communities and other stakeholders; and
- iii. provision for independent third-party monitoring, where and when necessary.

5.1 Stakeholder Engagement Plan

For the successful implementation and monitoring of some mitigation or enhancement measures a continuous consultative process is required. The PMU, under the guidance of Ministry of Agriculture has the responsibility to effectively engage stakeholders in achieving the Programme objectives for the benefit of all. A Stakeholder Engagement Plan has been developed for SAPP II and will be used throughout the life cycle of the Programme to meaningfully engage stakeholders (**see Volume II**).

This SEP is guided by IFAD's Framework for Operational Feedback from Stakeholders and the Enhanced Complaints Procedure for alleged Non-Compliance with IFAD's Social, Environmental and Climate Assessment Procedures (SECAP).

The Programme will ensure inclusive stakeholder engagements throughout the project life cycle. Where properly designed and implemented, it supports the development of strong, constructive and responsive relationships that are important for successful management of a project's environmental and social risks. Stakeholder engagement is a continuous and interactive process, through which the PMU will identify, communicate, and facilitate a two-way dialogue with farmers and persons affected by project decisions and activities, as well as with other stakeholders interested in the Project.

This Stakeholder Engagement will be free of manipulation, interference, and intimidation, and conducted on the basis of timely, relevant, understandable and accessible information, in a culturally appropriate format. It involves interactions between identified groups of people and provides stakeholders with an opportunity to raise their concerns and opinions, and ensure that this information is taken into consideration when making project decisions.

The project will further put in place specific measures to ensure the inclusion of marginalised and disadvantaged and vulnerable groups, such as women, youths and peoples with disabilities. The project will ensure that it provides and seeks feedback from these groups and that members of these groups have equal opportunity to access funding and information, and/or submit grievances. In order to identify and address issues specific to vulnerable groups, stakeholder engagement will use focus group discussions, public gatherings and consultations with to capture special needs of the vulnerable groups. In addition, timing and location of meetings will have special considerations for the multiple role of women.

IFAD requires all borrowers/recipients/partners to establish an easily accessible project-level grievance redress mechanism (**full version in Volume II**) to receive and resolve concerns and complaints of people who believe they have been, or are likely to be, harmed by IFAD-financed projects/programmes. If the lead agency is not responsive to stakeholders' concerns, or if they fear retaliation, stakeholders may also raise their concerns directly to IFAD through its Complaints

Procedure for Alleged Non-Compliance with IFAD's Social, Environmental and Climate Assessment Procedures (SECAP) (Complaints Procedure). Therefore, this SEP will guide all SAPP II consultations and engagement with target groups, communities and other stakeholders throughout the project life cycle in order to ensure that their feedback is considered. The objective of this SEP is to ensure: (i) that communities contribute to development of environmental and social management plans and provide feedback (ii) broad community support of projects and (iii) that affected people endorse the proposed risk reduction, mitigation and management measures.

The PMU will therefore ensure extensive and inclusive consultations, ensuring non-discrimination and provide opportunities for disadvantaged and vulnerable groups or individuals to participate in and benefit from projects on an equal basis with others. The PMU will ensure that consultations employ a combination of appropriate tools and approaches, leading to consent throughout implementation stage. All the activities will ensure participatory planning and seek FPIC when project activities affect land access and use rights of communities.

12.3 Disclosure

IFAD's Policy on the Disclosure of Documents, approved in 2010, adopted the principle of "presumption of full disclosure". SAPP II will ensure that all relevant documents are shared with stakeholders in an accessible place in the project-affected area, in a form and language understandable to project-affected parties and other stakeholders. Sharing these documents not only keeps all parties informed, but ensures their meaningful input into project design and risk mitigation. This disclosure will take into account any specific information needs of the community (e.g. related to culture, disability, literacy, mobility or gender). Comments on SECAP-related disclosed documents can be submitted to MoA national and district level offices as well as through the SECAP Help Desk: secaphelpdesk@ifad.org.

Managing gender-based violence/sexual exploitation and abuse/sexual harassment related grievances (GBV/SEA/SH)

The PMU shall identify and engage a GBV service provider who will provide awareness raising and training in the project area. This service provider will also provide support and referrals for health services, case management and legal support services. The project GRM will allow for anonymous reporting of GBV/SEA/SH through accessible, safe, and confidential channels. The following procedures will be used to report all GBV/SEA/SH cases related to the project:

1. In-person reporting – Anyone making a complaint related to GBV/SEA/SH may file a report in person to the project field officer
2. Child Helpline 116 | GBV Crisis Line 5600 | Drug and Substance Abuse Hotline 6600 and Youth Helpline 393

12.5 SEP implementation, monitoring and reporting

The PMU in collaboration with relevant stakeholders will establish a dedicated team for the management, coordination and implementation of the ESCMP including the SEP and GRM. The project needs to engage a social and environmental officer who will ensure compliance of the SECAP management plans. The officers will oversee implementation of all stakeholder engagement activities. The project needs to set aside dedicated budget for the implementation of the SEP and the GRM.

6. Responsibilities / Institutional Arrangements

This section covers the roles and responsibilities of key stakeholders in the SAPP II Programme in terms of implementing and monitoring this ESCMP. Overall, this ESCMP will be reviewed by the PMU for prior to any works being undertaken. The ESCMP identifies potential ESC risks from the Programme and outlines strategies for managing those risks and minimising undesirable impacts. Furthermore, the ESCMP provides a Grievance Redress Mechanism for those that may be impacted by the projects that do not consider their views have been heard. This document will be part of any tender documentation under SAPP II. Roles and responsibilities in the sub-projects will continue to be defined as necessary in line with the further management plans to be developed.

IFAD Country and Regional Office

IFAD as the financier will provide overall guidance and ensure that the project is being carried out in accordance with agreed environmental, social and climate standards and provisions. IFAD will ensure that the ESCMP is adequate and adhered to. IFAD is responsible for delivering project cycle management services comprising project approval and start-up, project supervision and oversight, and project completion and evaluation. IFAD is also responsible for the project assurance role of the Project Steering Committee.

Ministry of Agriculture

The ministry is the Implementing Agency (IA) for SAPP II responsible for executing this project. IFAD has entrusted the ministry with implementation of the Programme in its entirety along with the assumption of full responsibility and accountability for the effective use of IFAD resources and the delivery of outputs, as set forth in this document. The Ministry is overall responsible for project planning, coordination, management, monitoring, evaluation, and reporting. This includes providing all required information and data necessary for timely, comprehensive, and evidence-based project reporting, including results and financial data, as necessary. MoA will strive to ensure project-level Monitoring and evaluation (M&E) is undertaken by all internal and external departments and is aligned with GoM policies so that the data used and generated by the project supports national systems. Specific to implementation of the ESCMP, the role of MoA is to:

- Supervise the PMU in Implementing the ESCMP.
- Approve and supervise the work of Environmental, Social and Climate Safeguards Specialists to implement the ESCMP, and any other safeguards related personnel deemed necessary
- Ensure that the required assessments (including targeted assessments) are developed, disclosed through public consultation and approved, and management measures are adopted and integrated during project implementation
- Maintain documentation and evidence that describes the proper and prudent use of project resources in conformity to the signed Programme Agreement and in accordance with applicable regulations and procedures (e.g. IFAD's Environmental and Social Standards).
- Report, fairly and accurately, on project progress against agreed work plans in accordance with the reporting schedule and required formats
- Ensure all requirements of IFAD Standards and national regulatory/policy frameworks and relevant international standards have been addressed throughout the project (e.g., mitigation of sexual exploitation during implementation)
- Hold responsibility and accountability to IFAD for overall management of the project, including compliance with IFAD SECAP standards.
- Monitor implementation of the ESCMP and related plans and compliance with national and international regulations, and IFAD SECAP standards.
- Decision making for the adoption of necessary measures including full integration of management measures within project outputs and annual work plans.

- Establish and support SEP and GRM mechanism to address any grievances.
- It is the responsibility of the Government through its PMU to ensure that this ESCMP is updated

Project Steering Committee

The PSC is responsible for guiding and taking corrective action as needed to ensure the project achieves the desired results. In order to ensure accountability, PSC decisions should be made in accordance with standards that shall ensure management for development results, value for money, fairness, integrity, transparency and effective international competition. In case consensus cannot be reached within the PSC, the IFAD Representative (or their designate) will mediate to find consensus and, if this cannot be found, will take the final decision to ensure project implementation is not unduly delayed. Specific responsibilities of the PSC include:

- Oversees the functions of the PMU and agrees on the PMU ToRs as required, within the parameters set by the IFAD/GoM, and provide direction and advice for exceptional situations when the PMU's limits are exceeded.
- Provide overall guidance and direction to managing environmental and social aspects of the project, ensuring it remains compliant with the IFAD policies and standards and that successful impact management is achieved.
- Addresses environmental, social and climate issues raised by the PMU.
- Provide guidance on new/emerging project environmental, social and climate risks and agree on possible mitigation and management actions to address specific risks
- Review ESCMP, additional assessment reports and management plans and provides direction and recommendations to ensure that the project is compliant with IFAD SECAP standards.
- Address project-level grievances using the agreed project GRM procedures

The PSC will have final responsibility for the integration (based on its monitoring mechanism and recommendations from the PMU) of the management plans into the execution of the project. The integration of those plans will need to be considered, particularly the institutional needs within the implementation framework for application of the management plans, including a review of the required budget allocations for each measure, as well as the authority and capability of institutions at different administrative levels (e.g. local, district and national), and their capacity to manage and monitor management plan implementation. Where necessary, capacity building and technical assistance activities will be included to enable proper implementation of the management plan(s).

Project Management Unit

The PMU manages and oversees the day-to-day work of SAPP II and prepares technical inputs for consideration of the Project Steering Committee. The PMU will have ESC Safeguards specialists to provided specialist input into the ESC safeguards implementation. Specifically, the PMU will be responsible for:

- Manage and supervise implementation of measures defined in this ESCMP
- Ensure timely remedial actions are taken at sub-projects where necessary.
- Assign specific responsibilities for implementation of this ESCMP, including monitoring, and community consultations on the draft management plan(s) to the Environment, Social and Climate Safeguards Specialist within the PMU

- Maintain relevant records associated with management of Environment, Social and Climate risks including updated ESCMPs, impact assessments, evidence of consultations and FPIC, a log of grievances together with documentation of management measures implemented
- Report to the MoA and the PSC on the implementation of the ESCMP and to
- Ensure that all partners and other stakeholders are informed of their responsibilities for the day-to-day compliance with the ESCMP

It is the responsibility of the entity to whom the document is issued to ensure it is updated

Environmental Social and Climate Safeguards Specialists

The ESC Safeguards will be represented at national level in the PMU and at District level working hand-in-hand with EPA extension staff. The ESC Safeguards staff are the technical custodians of the ESCMP, its implementation, monitoring and updating where necessary. In addition, the ESC safeguards staff will have the responsibility to:

- Inform applicants and other stakeholders, including local communities, of this ESCMP and related policy requirements.
- Assist applicants, and subsequently grantees, in the implementation of the ESCMP and policy requirements.
- Review and approve project proposals, ensuring that they adequately apply the IFAD's Safeguard Policies
- Screen for projects proposals against the exclusion list
- Assess the adequacy of the assessment of project impacts and the proposed measures to address the identified issues.
- Assess the adequacy of the consultation process and the affected communities' broad support to the project—and not provide funding until such broad support has been ascertained; and
- Monitor project implementation, and include constraints and lessons learned in its progress and monitoring reports

The Environmental and Climate Safeguard Specialist will be responsible for reviewing project related environmental and climate related instruments such as screening reports. They will also ensure that the project complies with SECAP standards 1, 2, 6 and 9 requirements. The Social and Gender Safeguard Specialist will be responsible for reviewing project related socio-economic related instruments. They will also be the focal person for Grievance Redress Mechanism, Labour and social protection laws/policies in the project and ensure that the project complies with Standard 3, 4, 5, 6, 7 and 8 requirements. The Safeguards team will liaise closely with other relevant government agencies and stakeholders at national and district levels to ensure that the implementation of the sub-projects conform to IFAD and national environmental and social policies.

All activities during the implementation and monitoring of this ESCMP will be conducted in close partnership with relevant Government ministries and departments under the leadership of the MoA and the PMU such as;

Ministry of Natural Resources and Climate Change (specifically the Environmental Affairs Department)

Ministry of Water and Sanitation

Ministry of Lands

Ministry of Gender Community Development and Social Welfare

Ministry of Youth and Sports

Ministry of Labour

Ministry of Health

Ministry of Information and Digitalisation

Ministry of Local Govenement, Unity and Culture

These ministries and departments should also be represented in the Programme Steering and Technical Committees.

7. Preliminary Cost Estimates

The PMU must ensure that mitigation measures and monitoring are adequately funded, the ESCMP should contain preliminary cost estimates. During implementation, the ESCMP should be revised once operational activities are well defined. Information should also be provided on the responsibilities for reporting, work plan, procurement plan, cost estimates and mechanisms for corrective action.

Most of the costs for this ESCMP are carried by the main Programme budget because of the design of the project. A budget estimate has been prepared for the implementation of the ESCMP as follows:

N	ACTIVITY	ESTIMATED COST (USD)
1	ESCMP Updating/Customisation and Dissemination	50,000.00
2	Quarterly Monitoring and bi-annual technical audits	50,000.00
3	GRM/SEP	
4	Health and Safety of farmers and workers	50,000.00
5	Land-related conflicts and additional pressure on limited resources	20,000.00
6	GBV, SEA/SH	150,000.00
7	Group related conflicts (GRM)	50,000.00
8	Public Health (HIV/AIDS and other communicable diseases)	50,000.00
9	Child labour issues	200,000.00
	Total	620,000.00

8. Reporting and Reviewing

In view of the nature of the impacts of some of the activities under the SAPP II Programme, a robust system of compliance, monitoring and reporting should be in place.

8.1 Quarterly and Annual reports

Quarterly and annual reports should be prepared and pass the hierarchy from district, to national levels. The Regional and National Environmental and Social Safeguard Specialists are normally required to report quarterly and annually on the performance of the subproject activities. Procedurally, the report of environmental and social safeguard and other subprojects activities sent from the districts will be consolidated at national level by the M&E specialists with the support of the safeguard specialists.

These quarterly and annual reports should capture the experience with implementation of the ESCMP, SEP and GRM. The purpose of the reports is to provide

- (i) A record of the subproject transactions;
- (ii) A record of experience and issues running from quarter-to-quarter/year-to-year throughout the subproject that can be used for identifying difficulties and improving performance; and
- (iii) Practical information for undertaking an annual review.

The objective of the report is to provide feedback on the activities of and observations on the implemented subprojects and their compliance with the environment and social over the review period. The Environmental Safeguard Specialist and the Social Safeguard Specialists in the PMU will check the district reports and produce a consolidated report with the necessary narration to the MoA and a standalone report to IFAD. The objectives of the report are to consolidate and summarize the feedback from the districts, assess the overall progress of the subprojects at the national level.

8.2 Environmental and Social Auditing/Review

Environmental and social auditing is a process that enables an organization to assess and demonstrate its social, economic, and environmental benefits and application of appropriate mitigation measures. The audit/review involves evaluation to identify compliance of social and environmental aspects of projects (to applicable compliance requirements) and identify implementation gaps, along with related corrective actions. The objectives of environmental and social auditing are two-fold;

- Firstly, to assess the compliance of implementation to project safeguard instruments regarding the intermediate environment and social impacts of the wider Programme interventions, and
- Secondly, to assess the occurrence of, and potential for, cumulative impacts due to project and other development activities.

This enables to improve decision making and ensure that the project is environmentally sound, socially acceptable, and economically feasible. One of the issues in reviewing is, also reviewing of the performance of environmental and social safeguard works annually and quarterly. The annual reviews are intended to be used by project management to improve procedures and capacity for integrating natural resources and environmental/social management into project operations. The reviews will also be a principal source of information to the IFAD supervision missions. Annual reviews of the project and the implementation of the ESCMP will be conducted at the end of each year facilitated by the PMU.

The objectives of the annual reviews include;

- Assess project performance in complying with ESCMP procedures, gaps identified, lessons learnt, and improve future performance, and
- Assess the occurrence of, and potential for, cumulative impacts due to project-funded and other development activities.

It is necessary that the audit/review should be conducted by an independent entity (local consultant). The compliance assessment and performance review reports, which will be produced by the independent review body, will be used as a monitoring and review tool to track ESCMP results. The annual review report should be delivered to project management and to all stakeholders responsible for appraisal, approval and implementation of subprojects and to IFAD as well.

In the review process, the PMU will play the lead role in coordinating the process with the key stakeholders. The principal output is a review report that entails the methodology, summarizes the results, and provides practical recommendations. The responsibility to undertake environmental and social audit is the Environmental Affairs Department which is the environmental protection authority/agency at various levels. However, it can be carried out by the safeguard specialists of the PMU and verification can be done by an independent local and/or international consultants. For the effective performance, the safeguard specialists and other relevant experts at district level, should receive relevant environmental and social auditing training.

9. Capacity building

For effective implementation of the ESCMP, it is necessary to provide capacity building and technical backstopping to experts of different implementing agencies and stakeholders at national, district and community levels. Capacity building is critical in the implementation of ESCMP activities and environmental and social safeguard works. Capacity building includes both human and material resources. Human resource capacity building enables implementers and stakeholders to have the understanding, skills and access to information, knowledge and to achieve the required objectives of the plan. Trainings on SECAP guidelines need to be conducted for these stakeholders.

In addition, environmental & social safeguard specialists will be equipped with the necessary office equipment. Furthermore, technical backstopping and support at district and community level will be established for the successful implementation of ESCMP and subsequent subproject level instruments. The technical backstopping includes training and capacity building needs assessment, monitoring of the implementation of mitigation measures, utilisation of the different steps of checklists, and others. This will be done on quarterly basis. The technical support and implementation of ESCMP procedures will follow a detailed plan and budget. The type of trainings, list of trainees and number of training days are explained below.

9.1 Training Approach

Independent local or international expert with relevant expertise in environmental, social and climate safeguards will be engaged to support the PMU and offer a Training of Trainers training for PMU (and implementing partners, as required) on safeguards responsibilities and approaches. The trained team with leadership from the project national Safeguards officers will conduct similar trainings at district and EPA levels for consistency and uniformity. Refresher workshops should be planned for and held where necessary. IFAD will provide advice to PMU as needed to support the implementation of this ESCMP and the preparation, implementation and monitoring of environmental, social and climate management plans or measures.

Thematic Issues for Training

The following are examples of training thematic issues that can be planned for during the project (see table xx).

SECAP: Training on SECAP Standards and general guidelines, and procedures particularly on ESCMP, SEP and GRM implementation.

Pest Management and Pesticide Management training activities will be implemented by an expert from the private sector or specialist department with the requisite knowledge of types of pesticides and their application with support from the Environmental Safeguard Officer. They should also have the practical knowledge and experience with different pest and pesticides. The training may be conducted during the early stages of the sub-project activities but before the first planting season. This training should be executed twice during the Programme lifetime, preferably at the beginning and at mid-term.

Gender Mainstreaming, Social Inclusion and community development training will be coordinated by the Social and Gender Specialist in the PMU with assistance from Ministries responsible for Gender and Youth. The training will aim at raising awareness on inclusion issues, discussing constraints that women, men, youth, PLWD and other chronic diseases experience as well as sharing strategies and measures for promoting gender and youth transformative approaches within the project.

Climate Smart Agriculture Technology; Water management; crop management, waste management, procurement, marketing and financial training would be facilitated internally with the assistance from MoA or the appropriate private consultants would have to be engaged to carry out the training. These training activities should be conducted at the beginning of the operation phase, to take advantage of the farming activities for practical training.

The management of agricultural facilities requires the application of management plans and standard operating procedures to ensure all aspects of safety, security, and environmental and social compliance.

Natural resource management activities including; reforestation, agroforestry, pasture production, gully reclamation and preserving genetic diversity and indigenous foods among many other topics.

Health and Epidemiology; Ministry of Health will be coopted to share knowledge on health and possible diseases causing hazards such as malaria and other WASH related diseases. This training should be conducted at the beginning of the programme activities and annually thereafter but whenever there is an emergency, resources should be quickly put together to mobilise and train the farming community and staff as necessary.

9.2 Funding Requirements for Capacity Building

The proposed environmental training activities for the project will be funded directly by Programme resources in accordance with the proposed plan proposed in table below. The basis of the estimates is on some of the following:

- Current costs (in USD) of goods and services.
- An average number of 35 people at National and District staff, 40 for Extension staff and 50 farmers
- The length of training sessions will depend on the course and will vary from 1 day to about 2 weeks to allow production.
- The estimated costs include training costs/fees, hire of rooms, food for participants, per diems, and transport costs.

Table 5: Proposed Environmental, Social and Climate Training Plan

Type of Training	Training Contents (selected examples)	Target Group	Estimated Budget (USD)	Responsibility/Trainer
Training on guidelines, and procedures particularly on GRM and ESCMP implementation,	<ul style="list-style-type: none"> • ESCMP and all triggered Plans • GRM procedures and Community Participatory Monitoring Approach • Emphasis will be on mitigation of negative project impacts • 	<ul style="list-style-type: none"> - PMU - MoA - EAD 	30,000.00	Consultant & ESC Safeguards Specialists
Training on Environmental Awareness, water conservation and pollution and Wastewater Management at Community Level	<ul style="list-style-type: none"> - Protection and conservation of biodiversity and habitats - Mitigation hierarchy - Sustainable management of living natural resources - Livelihood promotion of local communities - To provide awareness to the farmers about water management, pollution and pollutants - Water laws - Pesticide and pest management 	<ul style="list-style-type: none"> - PMU - MoA - EAD 	Main Budget: Component 1	PMU, Environmental, Climate Safeguards Specialist
Climate change and Climate variability	Water management (When to irrigate, how much water to apply, Duration, Water rights within scheme) Crop Management Crop selection, Crop rotations	- Farmers	Main Budget: Component 1	PMU Or Private Consultant

Type of Training	Training Contents (<i>selected examples</i>)	Target Group	Estimated Budget (USD)	Responsibility/Trainer
	Cropping calendar, how to apply fertilizer, Use of organic manure / compost, Weeding, Crop harvesting & storage Managing extreme Weather events (droughts, Cyclones, floods, heat waves, strong winds, veld fires etc.)			
Stakeholder Coordination	- SEP - Stakeholder mapping and engagement - GRM and engagement - GBV-SEAH training (action plan)	- PMU, MoA District and extension staff - Other collaborating institutions	10,000.00	PMU, Social and Gender Safeguards Specialist
Household Nutrition	- Nutrition and dietary diversification	- Farmers	Main Budget: Component 1	PMU, Nutrition Specialist
Gender Mainstreaming, Social Inclusion and community development	- Gender Mainstreaming and Transformation - Inclusive participation - constraints that women, men, youth, PLWD and people with chronic diseases experience - strategies and measures for promoting gender and youth	- PMU - Other collaborating institutions	Main Budget: Component 1	PMU, Social and Gender Safeguards Specialist
Labor Management Procedures	- Labor laws and standards - Occupational Health and Safety and Environmental Health Safety Guidelines - Rights and obligation of various affected parties - Employment conditions - GRM	PMU, Partners	10,000.00	PMU, Social and Gender Safeguards Specialist
Integrated Pest Management	- Types of pests - Identification of pests - Biological control of pests - Physical control of pests - Chemical (pesticide) control - Environmental control	- Extension Workers - Farmers	Main Budget: Component 1	PMU, Environmental, Climate and Social and Gender Safeguards Specialists
	- Pesticides Types and Use - Packaging, labelling, and Handling - Storage, Stacking and Release - Pesticides Record Maintenance Pesticides Procurement - Identification of Pesticide Dealers - Pesticides Handling & Transportation - Record Maintenance	- Storekeepers - Pesticide Transporters - Pesticide Users - Agro-dealers - All Farmers - Trial Farm Management Committee	Main Budget: Component 1	PMU, Safeguards Specialists
	 Pesticides Application and Disposal - Types and Handling of Equipment - Pesticides Toxicity - Safety of Applicators - First Aid - Care, Cleaning and Disposal of Pesticides and Equipment			

Type of Training	Training Contents (<i>selected examples</i>)	Target Group	Estimated Budget (USD)	Responsibility/Trainer
Community Health and safety	<ul style="list-style-type: none"> - Health and safety guidelines - Impacts of Covid-19, HIV/AIDS, Malaria on social wellbeing, livelihood, and projects - Mitigation measures - Risk Communication and Community Engagement Action Plan 	- Extension workers and Farmers	40,000.00	PMU, ESC safeguards Specialists
Total				60,000.00

PMU and the Safeguards Specialists shall find a way of mainstreaming most of the training proposed activities into the main project Capacity Development plan (except training on ESCMP) to leverage on funding. Safeguards Specialists will be responsible for preparing the reports for national level training and receiving all reports prepared by sub-projects. The training reports will include the summary of proceedings, objectives of the training, copy of the training materials and presentations, list of resource persons and list of participants.

[Annex 1: Guideline for the preparation of site specific ESCMP](#)

ESCMPS should demonstrate that proposed environmental and social management and monitoring activities will encompass all major impacts and how they will be integrated into supervision. The ESCMP should also describe proposed measures, methods, and actions to facilitate public consultation. It is important that the ESCMP identify linkages to other social and environmental safeguards plans relating to the proposed project activities such as plans dealing with resettlement issues. ESCMPs should be finalized and approved after taking into account comments from Woreda Environmental offices. The IFAD safeguards team will review and provide comments on draft site-specific instruments (if required) and monitor the safeguards compliance. Given below are the important elements that constitute an ESCMP:

- i) **Description of the subproject:** Scale nature and type of proposed project activity implemented under the proposed programs are summarized.
- ii) **Description of Proposed project area:** The Biophysical and social environmental setting of the specific Proposed project activity are summarized
- iii) **Impacts:** Predicted adverse environmental and social impacts (and any uncertainties about their effects) for which mitigation is necessary should be identified and summarized.
- iv) **Description of Mitigation Measures:** Each measure should be briefly described in relation to the impact(s) and conditions under which it is required. These should be accompanied by and/or referenced to designs, development activities, operating procedures, and implementation responsibilities. Proposed measures and actions to facilitate public consultations should be clearly described and justified. Feasible and cost-effective measures to minimize adverse impacts to acceptable levels should be specified with reference to each impact identified. Further, the ESCMP should provide details on the conditions under which the mitigation measure should be implemented. The ESCMP should also indicate the various practicable measures applicable to the proposed project activity at each project phases (design, construction and/or operation). Efforts should also be made to mainstream environmental aspects wherever possible.
- v) **Description of monitoring program:** The ESCMP identifies monitoring objectives and specifies the type of monitoring required; it also describes performance indicators which provide linkages between impacts and mitigation measures identified in the ESA report, parameters to be measured (for example: national standards, extent of impacted area to be considered, etc.), methods to be used, sampling location and frequency of measurements, and definition of thresholds to signal the need for corrective actions. Monitoring and supervision arrangements should be agreed by IFAD and the client to ensure timely detection of conditions requiring remedial measures in keeping with best practice; provide information and the progress and results of

mitigation and institutional strengthening measures; and, assess compliance with National and IFAD environmental safeguard policies

- vi) **Institutional arrangements:** Institutions responsible for implementing mitigation measures and for monitoring their performance should be clearly identified. Where necessary, mechanisms for institutional coordination should be identified, as often, monitoring tends to involve more than one institution. This is especially important for requiring cross-sectoral integration. In particular, the ESCMP specifies who is responsible for undertaking the mitigation and monitoring measures, e.g., for enforcement of remedial actions, monitoring of implementation, training, financing, and reporting. Institutional arrangements should also be crafted to maintain support for agreed enforcement measures for environmental protection. Where necessary, the ESCMP should propose strengthening the relevant agencies through such actions as establishment of appropriate organizational arrangements; appointment of key staff and consultants.
- vii) **Implementing schedules:** The timing, frequency and duration of mitigation measures and monitoring should be included in an implementation schedule, showing phasing and coordination with procedures in the overall implementation/operations manual. Linkages should be specified where implementation of mitigation measures is tied to institutional strengthening and to the legal agreements.
- viii) **Reporting procedures:** Feedback mechanisms to inform the relevant parties on the progress and effectiveness of the mitigation measures and monitoring itself should be specified. Guidelines on the type of information required and the presentation of feedback information should also be highlighted.
- ix) **Cost estimates and sources of funds:** Implementation of mitigation measures mentioned in the ESCMP will involve an initial investment cost as well as recurrent costs. The ESCMP should include cost estimates into the design, bidding and contract documents to ensure that the contractors will comply with the mitigation measures. The costs for implementing the ESCMP will be included in the design, as well as in the bidding and contract documents. It is important to capture all costs – including administrative, design and consultancy, and operational and maintenance costs – resulting from meeting required standards or modifying design.

For each potential impacts of the proposed project activity, corresponding mitigation measures, and who is responsible for implementation is indicated. For each potential environmental and social impact, there can be more than one mitigation measure. Responsibility for implementation of mitigation measures will typically rest with the contractor or beneficiary during construction and operation of the proposed activities.

The monitoring section of the ESCMP prescribes indicators for monitoring the environmental and social impact and the effects of mitigation measures. The responsibility for this will typically rest with the PMU in collaboration with the respective pertinent institutions. A template for ESCMP is depicted in below.

Environmental and Social Management Plan Template for the proposed project activities

<i>Identification:</i>					
Name					
Region		District		EPA	
Section/Village		Location GPS coordinates			

Description of the Proposed project activity:
Description of potential environmental and social impacts;
Description of planned mitigation measures and monitoring along with institutional responsibilities and capacity/training requirements

Environmental, Social and Climate Management Plan-Mitigation					
Project Phase	Project activity	Environmental Impacts	Mitigation/ enhancement measures	Institutional responsibilities	Cost
Planning					
Operation and maintenance					
Total mitigation costs					

Annex 2: Pest Management Plan - Annotated Outline

A Pest Management Plan (PMP) is a concise implementation plan for the pest management aspects of a given project/programme, which is used to communicate with relevant stakeholders to ensure that they are informed about important details of the pest management strategy and are given the opportunity to react. The PMP includes the results of a given impact assessment but also describes the full rationale of, and justification for, the application of biocides or other pest management techniques, and the respective institutional and regulatory framework. It provides a comprehensive description of the proposed technique, associated risks and appropriate measures to minimize or mitigate those risks.

The PMP needs to be disclosed and discussed in at least two steps. A draft version of the plan must be shared at the earliest possible stage with potentially affected parties and other stakeholders, in a form and language understandable to them, and their views must be taken into account during revision of the draft. The final version of the plan must be publicly disclosed prior to project approval, including on the IFAD website.

For projects that involve the use of synthetic or natural biocides (or bio-pesticides) adherence to the following requirements should be demonstrated:

- i. Evidence that available options to avoid the use of biocides have been rigorously considered, such as biological or physical means, and that none is viable for the specific context and objective.
- ii. Any use of biocides or bio-pesticides must be guided by the associated technical guidelines provided by the manufacturers of the respective product and the respective national regulatory authority and comply with recommendations and minimum standards as described in the WHO and FAO (2014) and associated guidelines.⁷⁰
- iii. Preference should be given to products that are less hazardous and persistent in the environment, and to methods of application and equipment that minimize the risks to users, local communities and the environment.

The following 6 steps should assist in effective pest management planning:

1. Understand the pest issues
2. Develop a draft pest management plan
3. Consultations
4. Finalize and implement the plan
5. Monitoring
6. Evaluate and review the overall results

An annotated outline/template of a PMP that meets the requirements of the SECAP is provided below:

- 1. Overview/Background on the intended project/programme:** This section should present a brief overview of key project/programme information. This section should include the following elements:
 - 1.1 Title of the project.
 - 1.2 Countries/regions/territories where the pest management technique will be implemented/applied.

⁷⁰ World Health Organization and United Nations Food and Agriculture Organization, 2014. *International Code of Conduct on Pesticide Management*. Available at <http://www.fao.org/agriculture/crops/thematic-sitemap/theme/pests/code/en/>

- 1.3 Name of the executing entity (with the name, position title contact information of the main project personnel responsible for the PMP).
- 1.4 Summary of the project
- 1.5 Date of preparation of the PMP.

2. Rationale and objectives of the Pest management Plan: This section should outline the main objectives and rationale behind the choice of pest management technique. It should include a detail description of the following elements:

- 2.1 Current impacts caused by the pest (which is being proposed for management by the project/programme), and anticipated future changes to said impacts.⁷¹
- 2.2 Current management measures/practices applied to the pest, if relevant, and rationale behind the proposed changes
- 2.3 Borrower/grant recipient's experience with pest management.

3. Description of Pest Management Practice: This section should outline the specific pest management technique that has been chosen. If the application of biocides is being proposed, the following elements must be addressed and included as part of the PMP:

- 3.1 Identity, class, and application rate/quantity of biocides/pesticides that are to be used by the project.⁷²
- 3.2 The form and method used for the given pest management practice.⁷³
- 3.3 The specific geographic range where the pest management practices will be applied (GIS Coordinates).
- 3.4 Name and address of the supplier of selected biocides, or information on the facilities where the products will be stored.

4. Institutional, Legislative and Regulatory framework: This section should provide a concise description of the legal and regulatory framework that the biocide or other pest management technique will be used in.

- 4.1 National regulatory framework and the legal status of the product or technique. This should also outline/address any required documentation and standards that would be required under national law and Good International Industry Practice (GIIP), and international agreements/conventions.
- 4.2 Where a biocide is not regulated under national law, the PMP should identify international laws for either the actual product or similar products, that could be used

⁷¹ Such as those caused by climate change and other planned interventions

⁷²Including chemical, trade and common names, likely dilution rates, application rates per ha etc

⁷³ For example; pellet, liquid, paint-on, back-pack or aerial spraying, rodenticides dropped from aircraft, permanent bait stations etc

as a guide. In such cases, the PMP should also explain why this given biocide/technique is necessary despite the absence of national standards/regulation.

- 4.3 Analysis of institutional capacity for control of the distribution, use and disposal of biocides, in particular the product selected by the project and the institutions responsible at the project site.
- 4.4 Any measures proposed to strengthen regulatory frameworks and institutional capacity, where relevant.

5. Technique/Practice Risk Assessment: This section of the PMP should assess potential environmental and social risks of undertaking the chosen pest management practice/technique. It should also outline potential mitigation measures that will be used to minimize identified risks. It should include the following:

- 5.1 Assessment of risks to communities and individuals that are related (both directly and indirectly) to the use of a given pest management product/technique. The assessment should take the real circumstances of application into account, including the capability of operators to handle products within acceptable risk margins and their access to and use of protective gear and appropriate application equipment.
- 5.2 Assessment of risks posed to the environment, based on the use of a given technique/product (based on the expected levels of use of a given biocide/product). The assessment should include potential impacts to all components of the biophysical environment, including but not limited to soils, surface waters, groundwater, marine run-off, habitats, plant communities, and non-target species, particularly native, endemic and threatened species.
- 5.3 Assessment of risks that could be posed prior to and after the use/application of the chosen technique/product. This could include assessments of the transport, storage, handling and disposal of such products/chemicals. It should consider the capacity of the "handling entity" to undertake the requisite tasks.
- 5.4 Effective measures should be identified to reduce and mitigate the risks, such as training for workers applying biocides and for people coming in contact with the substances, effective personal protective equipment, development of standard operating procedures, upgrading of storage facilities etc. Mitigation measures should include activities for monitoring effectiveness of application and early identification of needs for corrective actions (e.g. tracking of damage to and/or deaths of non-target species).
- 5.5 An assessment of potential alternatives (i.e. to the use of the chosen technique) should be presented. This should establish that there is no less risky alternative to the one being proposed by the project/programme.
- 5.6 The assessment should conclude with a comparison of the selected approach and its expected result with the current situation, and provide clear evidence of the benefits justifying the selection of the approach.

6. Mitigation and Emergency Preparedness Actions/Plan: This section of the PMP should outline, in detail, the recommended mitigation measures as established in the Technique/Practice Risk Assessment. It should include the specific resources required for such actions, with a detailed schedule and the responsible party being nominated. It should outline an emergency preparedness plan for unforeseen events with negative environmental or social/health/pandemic impacts. The Emergency preparedness plan should include: planned

responses to unforeseen natural events; procedures for first aid and medical attention cases; and, include a mechanism to observe and record any such unforeseen impacts/events.

- 7. Consultation, Disclosure, and Grievance:** This section should outline where, when and how the PMP will be disclosed. Consistent with the requirements of the SECAP, the PMP should be disclosed in a timely and culturally appropriate manner to project affected parties. This section should also specify the dates, results and feedback that were received during consultation with local communities and owners of land adjacent to the project/programme area. It should also provide evidence of consultations held with relevant authorities (indicating who and when) and evidence that appropriate EIA procedures were followed and licenses and permissions, where relevant, were obtained. This section should link to and explain in further detail IFAD's grievance redress system and the requirements as outlined in the SECAP.

Annex 3: Guidelines for Annual Report

Name of the Project:

(SAPP II)

Application Number:

.....

1. Name of District:

2. Name and Position of Review Authority Completing the Annual Report:

3. Reporting Year:

4. Date of Report:

5. Community Sub-project (s):

Please enter the numbers of sub-projects in the following table.

<i>List Types of Activities in the sub-project e.g.</i>	Approved this year	Application included an ESCMP checklist	Field Appraisal	SEP	PMP	GRM	TAA
Water Supply							
Water point rehabilitation							
Earth dam rehabilitation							
Irrigation scheme / VHG							
Water harvesting facility							
Roads and Energy							
Tertiary/secondary roads							
Tertiary/secondary road culverts/bridges							
Footpaths							
Agriculture and markets							
Terracing							
Agro-processing facilities							
Post-harvest handling facilities							
Market linkages							
Natural resources management							
Anti-erosion interventions and soil fertility restoration							
Stream and river bank protection							

<i>List Types of Activities in the sub-project e.g.</i>	Approved this year	Application included an ESCMP checklist	Field Appraisal	SEP	PMP	GRM	TAA
Wetland development							
Soil Conservation Works							
Fire Guards							

6. Were there any **unforeseen environmental or social problems** associated with any sub-project approved and implemented this year? If so, please identify the sub-project (s) and summarize the problem (s) and what was or will be done to solve the problem (s). Use a summary table like the one below.

Sub-project	Problem(s)	Actions taken	Actions to be taken

7. Have any **other environmental social and climate analyses** been carried out by other public or private agencies in your district/province? If so, please describe them briefly.
-
.....

8. Have you noticed any particular **problems with implementing the ESCMP** in the past year (e.g. administrative, communications, forms, capacity)? If so, please describe them briefly.
-
.....

9. **Training:** Please summarize the training received in your district/province in the past year, as well as key areas of further training you think is needed.

Group	Training Received	Training Needed
Review Authority		
Approval Authority		
Extension Teams		
NGOs/Associations		

Annex 4: Guidelines for Annual Reviews

Objectives: The objectives of annual reviews of ESCMP implementation are two-fold:

- a) To assess Project performance in complying with ESCMP procedures, learn lessons, and improve future performance; and
- b) To assess the occurrence of, and potential for, cumulative impacts due to SAPP II funded and other development activities.

The annual reviews are intended to be used by SAPP II management to improve procedures and capacity for integrating natural resources and environmental/social management into project operations. They will also be a principal source of information to IFAD supervision missions.

Scope of Work: ESCMP Performance Assessment

The overall scope of the performance assessment work is to:

- a) Assess the adequacy of the sub-project approval process and procedures based on interviews with project participants, project records, and the environmental and social performance of a sample of approved sub-projects;
- b) Assess the adequacy of ESCMP roles and responsibilities, procedures, forms, information resource materials, etc.;
- c) Assess the needs for further training and capacity building;
- d) Identify key risks to the environmental and social sustainability of sub-projects; and
- e) Recommend appropriate measures for improving ESCMP performance.

The following tasks will be typical:

- a) Review district records of sub-projects preparation and approval (e.g. applications; screening checklists; ESCMPs, TAA, GRM and PMPs appraisal forms; approval documents), monitoring reports as well as related studies or reports on wider issues of natural resources and environmental management in the country;
- b) On the basis of this review, conduct field visits of a sample of approved sub-projects to assess the completeness of planning and implementation work, the adequacy of environmental/social design, and compliance with proposed mitigation measures. The sample should be large enough to be representative and include a substantial proportion of sub-projects that had (or should have had) a field appraisal according to established ESCMP criteria (Screening Process). Sub-projects in sensitive natural or social environments should especially be included.
- c) Interview project and district officials responsible for sub-projects appraisal and approval to determine their experience with ESCMP implementation, their views on the strengths and weaknesses of the ESCMP process, and what should be done to improve performance. Improvements may concern, for example, the process itself, the available tools (e.g. guidelines, forms, and information sheets), the extent and kind of training available, and the amount of financial resources available.
- d) Develop recommendations for improving ESCMP performance.

Cumulative Impacts Assessment

This part of the annual review assesses the actual or potential cumulative impacts of sub-projects with other sub-projects or development initiatives on the environment, natural resources and community groups. Cumulative impacts result from a number of individual small-scale activities that, on their

own, have minimal impacts, but over time and in combination generate a significant impact. For example:

- * Decline in groundwater levels or quality due to upstream activities and the introduction of numerous projects around the main scheme
- * Overwhelmed dumping sites due to the inappropriate disposal of increasing amounts of waste materials;
- * Illegal poaching of wildlife due to expansion of land under cultivation or increased proximity and access to protected areas through construction of small access roads.

The function of this assessment is primarily as an "early warning" system for potential cumulative impacts that might otherwise go undetected and unattended to. It will be largely based on the observations of people interviewed during the field work, and trends that may be noticed by district or regional officials. Where cumulative impacts are detected or suspected, recommendations will be made to address the issue, perhaps through more detailed study to clarify matters and what should or can be done about them.

Qualifications for Undertaking Annual Reviews:

The reviews should be undertaken by an individual or small team with training and experience relevant to the likely issues to be encountered (e.g. environmental and natural resources management and land acquisition and resettlement). They should also be familiar with the methods and practices of effective community consultation, and with typical methods and processes for preparing, appraising, approving and implementing small-scale community development projects.

Timing:

Annual reviews should be undertaken after the annual monitoring report has been prepared and before IFAD supervision of the project, at the closing of each year of the project. It is expected that each review would require 3-4 weeks of field work (interviews, examination of sub-projects), and that the review report would be completed within 2 weeks of completing the field work.

Outputs:

The principal output is an **annual review report** that documents the review methodology, summarizes the results, and provides practical recommendations. Distinct sections should address: a) ESCMP performance and b) cumulative impacts. Annexes should provide the detailed results of the field work, and summarize the number of approved sub-projects by district and their characteristics according to the annual report format (Annex 3). Copies of the annual review report should be delivered to *SAPP II* Steering Committee, to each district/provincial office responsible for appraisal, approval and implementation of sub-projects, and to IFAD. The Provincial Review Panel may also want to host national or district workshops to review and discuss the review findings and recommendations.

Malawi

Sustainable Agricultural Production Programme - Phase 2

Project Design Report

Annex: Secap Sep Grm

Mission Dates: 12 - 23 June 2023

Document Date: 17/11/2023

Project No. 2000004511

Report No. 6603-MW

East and Southern Africa Division
Programme Management Department



GOVERNMENT OF MALAWI

**Stakeholder Engagement Plan (SEP) & Grievance Redress
Mechanism (GRM)**

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1 Introduction

The implementation of SAPP II Programme will involve a wide range of stakeholder groups comprising various departments in the MoA at national and district level, other relevant ministries to SAPP II, quasi-Government institutions, NGOs, private sector and communities/beneficiaries at large. The stakeholders will be involved and will be responsible for specific roles at various stages of the Programme hence the need for an effective Stakeholder Engagement Plan (SEP).

This SEP forms part of the Environmental, Social and Climate Management Plan (ESCMP) for SAPP II, hereinafter referred to as "The Programme". The Implementing Agency of the Programme, the MoA through the Programme Management Unit (PMU), has the responsibility to effectively engage stakeholders in achieving the Programme objectives.

The scope of this SEP is proportionate to the nature and scale of the Programme and its potential risks and impacts. The Plan is a flexible document and can be updated, if need be, to include new stakeholders and/or to change engagement mechanisms depending on the prevailing context. The SEP aims to improve and facilitate decision making and create an atmosphere of understanding that actively involves Programme-affected people and other stakeholders in a timely manner. It also aims to provide the stakeholders, sufficient opportunity to voice their opinions and concerns that may influence Programme decisions.

1.1 Preliminary Stakeholder Identification

Key stakeholders identified for SAPP II implementation are presented in table below:

Table 1: Preliminary Stakeholder Identification for SAPP II

LEVEL	INSTITUTION	SPECIFIC TARGET	ROLE IN THE PROGRAMME
Global/Regional	IFAD	Country/Regional Office	Funding Agency
	AfDB World Bank FAO WFP	Country Directors	Strategic and operational partnerships
National Government Ministries, Departments, Parastatals, and NGO	Ministry of Agriculture,	Programme Management Unit staff	Implementing Agency
		Department of Agricultural Research	Climate research
		Department of Irrigation	Provision of water for agriculture
		District Agricultural Extension Services	Farmer Training and mentorship
		Department of Research	- Administers pesticide registration and has the mandate to oversee importation and testing of all pesticides - Research on farming technologies

LEVEL	INSTITUTION	SPECIFIC TARGET	ROLE IN THE PROGRAMME
	Department of Animal Health and Livestock Development	Department of Animal Health and Livestock Development	- Farmer training and mentorship - Animal health
		Department of Land Resource Conservation	Leadership on Land conservation and restoration
	AGRESSO		Promoting gender equality in the community
	Department of Disaster Management (DoDMA)	Director	Disaster management
	Ministry of Finance and Economic Affairs (MoFEA)	Permanent Secretary's office	Facilitate flow of funds, Regulation of PFIs, Steering Committee member
	Ministry of Trade and Industry	Director	Provides policy guidance in producer groups/ cooperatives development and strengthening as part of the agricultural commercialisation efforts.
	Ministry of Water and Sanitation (MoWS)	Director	Water Management
	Ministry of Lands (MoL),	Director	- Land use and management - procedural catchment management guidelines
	Meteorological Department	Director	Climate and weather information services
	Ministry of Natural Resources and Climate Change and the Environmental Affairs Department (EAD)	Designated officer	- Environment and Climate Change issues - Provide policy and technical guidance in implementation of all Natural Resource Management (NRM) related activities
	Malawi Environmental Protection Authority (MEPA)	Director	Will communicate the requirements of the environmental and social impact assessment and monitoring
	Ministry of Youth, Sports and Recreation (MYSR)	Designated officer	Promotion of youth's interest in agriculture and engagement in creating employment opportunities for the youth
	Ministry of Gender Community Development and Social Welfare	Designated Officer	Policy direction and monitoring of Gender Equality and women empowerment
	Ministry of Labour	Designated Officer	Labour relations in the project and protecting children against child labour
	Ministry of Health	Designated officer	Oversight and education on occupational health and safety and communicable diseases. Engagement to ensure that the nutritional needs of the beneficiary communities are met and quality of diets ensured.

LEVEL	INSTITUTION	SPECIFIC TARGET	ROLE IN THE PROGRAMME
Government	Ministry of Information and Digitalisation	Designated Officer	Early Warning and Weather update communication
	Lilongwe University of Agriculture and Natural Resources (LUANAR)	Designated Officer	Provide support for livestock improvement, genetics and community-based livestock breeds improvement, with a focus on small stock and ruminants
	Global Centre on Adaptation	Designated Officer	To support with studies on potential ICT solutions for climate-smart agriculture, specifically focusing on extension services and weather information
	Malawi Forum for Agriculture Advisory Services (MaFAAS)	Designated Officer	Capacity building of Extension workers and Digitalisation
Private Sector / Services Providers	To be identified		Provide support in market systems facilitation, capacity building and strengthening of farmer organisations and producer associations,
	Aggregators and off-takers, agro-dealers, financial institutions and agricultural input suppliers.	Designated officers	Ensuring farmers, groups and producer associations have access to inputs, markets and other business development services (including extension support), enabling them to produce for the market
Civil Society	Human rights, Women, child, and youth promoters	NGO focal persons	Interested parties, technical expertise
EPA	Extension Staff	Extension Services	Ground based farmer support
	Community leadership	Headmen	Traditional leadership, upholding of cultural values, Land distribution, community level GRM
		Councillors	Oversight of Ward coordination and development
		Ward Development Committees	Coordinating ward development plans
Sections/Villages	Village Leadership	Village Head	Traditional leadership, upholding of cultural values, Land distribution, community level GRM
		Village Development Committees	Coordinating Village development plans
	Community based organisations	Water User Organisations	Steering Committee member / Affected parties / water management
		Agriculture Production Groups (APGs)	Steering Committee member / Affected parties / production management
		Nutrition Care Groups	Nutrition mobilisers and community educators
		Village Natural Resource Management Committees	NRM Conservation and restoration
	Wider Community	Community leadership	Indirectly affected parties
		Community care groups	Responsible for mobilising the nutritionally vulnerable, ensuring that they receive nutrition

LEVEL	INSTITUTION	SPECIFIC TARGET	ROLE IN THE PROGRAMME
			packages and nutrition education activities at the community level.
Household	Farmers/ Water Users	Women and Youth	Directly Affected parties / primary Programme beneficiaries

The above list is not exhaustive. As the Programme gets underway, the PMU will develop a detailed list, identifying emerging and all possible stakeholders, their specific information needs and the appropriate modes of engagement as well as feedback mechanisms. The consultation process shall ensure that all those identified as stakeholders are conferred with. Active engagement of all stakeholders will facilitate a common understanding of the specific opportunities and constraints which can be the foundation for deeper harmonization and coordination of the various support services.

Stakeholder engagement in Programme implementation will start with inception workshops to kick off the Programme. First, a national level inception workshop, led by the MoA will present the Programme to national level stakeholders to confirm a shared understanding of Programme objectives, go through the Programme theory of change and implementation plan, discuss and agree on roles and responsibilities, get stakeholder feedback and recommendations for Programme implementation and introduce the Programme support team to stakeholders. The inception workshop will also provide a detailed overview of IFAD Environmental, social and climate standards, requirements and procedures including the Grievance Redress Mechanism.

Secondly, district level inception workshops will be held with relevant stakeholders to kick start and support implementation at local level. In addition, informal stakeholder engagement will also take place as and when necessary. The Programme will have regular review and learning events to support adaptive management and learning across the responsible partners and the sub-projects. This will support the Programme in drawing on and promoting best practice across the country. The regular monitoring, learning and review events will also allow stakeholders to raise issues of concern and grievances to be addressed on time.

2 Objectives of the Plan

The SEP seeks to define a technically and culturally appropriate approach to consultation, decision making and disclosure. The Key objectives of the SEP are to:

- Provide guidance for stakeholder engagement such that it meets the standards of International Best Practice,
- Identify key stakeholders that are affected, and/or able to influence the Programme and its sub-activities,
- Identify the most effective methods, timing, and structures through which to share Programme information, and to ensure regular, accessible, transparent, and appropriate consultation,
- Develop a stakeholders' engagement process that provides stakeholders with sufficient opportunity to voice their opinions and concerns and be able to influence the Programme,
- Establish formal grievance redress mechanisms disclosure,
- Define roles and responsibilities for the implementation of the SEP,
- Define reporting and monitoring measures to ensure the effectiveness of the SEP and periodical reviews of the SEP based on findings.

3 Benefits of SEP

The SEP provides a framework for achieving effective stakeholder involvement and promoting greater awareness and understanding of issues so that the Programme is carried out effectively within budget and on-time to the satisfaction of all concerned. Effective stakeholder engagement develops a “social licence” to operate and depends on mutual trust, respect and transparent communication between PMU and its stakeholders. It thereby improves its decision-making and performance by:

- Managing costs: Effective engagement can help the Programme avoid costs, in terms of money and reputation,
- Managing risk: Engagement helps the Programme and communities to identify, prevent, and mitigate environmental and social impacts that can threaten Programme viability,
- Enhancing reputation: By publicly recognising human rights and committing to environmental protection, institutions (IFAD) involved in financing the Programme can boost their credibility and minimise risks,
- Avoiding conflict: Understanding current and potential issues such as land rights and proposed Programme activities,
- Improving corporate policy: Obtaining perceptions about a Programme, which can act as a catalyst for changes and improvements in MoA and PMU corporate practices and policies,
- Identifying, monitoring, and reporting on impacts: Understanding a Programme’s impact on stakeholders, evaluating, and reporting back on mechanisms to address these impacts, and
- Managing stakeholder expectations: Consultation also provides the opportunity for the Programme to become aware of and manage stakeholder attitudes and expectations.

The SEP shall be informed by a set of principles defining its core values underpinning interactions with identified stakeholders. Common principles based on International Best Practice include the following:

- Commitment is demonstrated when the need to understand, engage and identify the community is recognised and acted upon early in the process,
- Integrity occurs when engagement is conducted in a manner that fosters mutual respect and trust,
- Respect is created when the rights, cultural beliefs, values and interests of stakeholders and affected communities are recognized,
- Transparency is demonstrated when community concerns are responded to in a timely, open, and effective manner,
- Inclusiveness is achieved when broad participation is encouraged and supported by appropriate participation opportunities, and
- Trust is achieved through open and meaningful dialogue that respects and upholds a community’s beliefs, values, and opinions.

The key elements of the SEP are:

- Stakeholder identification and analysis
- Stakeholder Engagement Program
- Grievance Redress Mechanism
- Monitoring and Reporting

4 Stakeholders Identification and Analysis

4.1 Identifying Stakeholders

To develop an effective SEP, it is necessary to determine who the stakeholders are and understand their needs and expectations for engagement, and their priorities and objectives in relation to the SAPP II Programme. This information is then used to tailor engagement mechanism for each type of stakeholder. As part of this process, it is particularly important to identify individuals and groups who may find it more difficult to participate and those who may be differentially or disproportionately affected by the Programme because of their marginalised or vulnerable status.

Stakeholders for the purpose of this Programme have been identified (refer to Table 1) and will continue to be identified on a continuous basis by identifying those people and institutions that have an interest in the successful planning and execution of the SAPP II Programme including special interest groups. These include:

- Programme Implementing Agencies (funding agencies, executing agencies, partners)
- Directly and/or indirectly Programme-affected parties (PAPs) and
- Interested parties (Environmental protection authority, Social and labour regulatory authorities, Contractors, Media, Civil Society etc)

The affected group comprises of farmers, micro, small and medium enterprises (MSMEs) and farmer groups/associations among others who will benefit from the services offered by the Programme. A subset of this category are the vulnerable groups. A significant factor in achieving inclusiveness of the engagement process is safeguarding the participation of vulnerable individuals in public consultations and other engagement forums established by the Programme. Vulnerable groups are persons who may be disproportionately impacted or further disadvantaged by the Programme as compared with any other groups due to their vulnerable status, and that may require special engagement efforts to ensure their equal representation in the consultation and participation in the program. In this case, women, youths and people with disabilities fall into that category but there are differences within the same categories and/or gender lines that needs to be carefully considered.

Engagement is directly proportional to impact and influence, and as the extent of impact of a Programme on a stakeholder group increases, or the extent of influence of a particular stakeholder on a Programme increases, engagement with that stakeholder group should intensify and deepen in terms of the frequency and the intensity of the engagement method used.

5 Stakeholder Engagement Considerations

The following considerations should be made when planning for stakeholder engagement:

Resourcing Stakeholder Engagement: Stakeholder engagement requires resources as it takes time to develop and build trust-based relationships with stakeholders. Relationships with stakeholders should develop and grow, and that these relationships should be sustained. Additional stakeholders might be identified that also want to be engaged. Some stakeholders will need to be educated about the concept of engagement itself, as well as on the complex issues requiring specialised and technical knowledge. These demands can increase the cost of consultation required to meet external expectations.

Managing expectations: Stakeholders can have unrealistically high expectations of benefits that may accrue to them from the Programme and as such the PMU must be clear on what they can and

cannot do, establishing a clear understanding of their roles and responsibilities. The engagement processes should provide PMU with an opportunity to develop relationships with stakeholders and potential Programme partners.

Securing stakeholder participation: Cultural norms and values can prevent stakeholders from freely participating in meetings. Often there are conflicting demands within a community, and it can be challenging for the Programme to identify stakeholders who are representative of common interests. There may be a need to employ local officers who are sensitive to local power dynamics.

Consultation fatigue: Stakeholders can easily tire of consultation processes especially when promises are unfulfilled, and their opinions and concerns are not taken into consideration. Often stakeholders feel their lives are not improving because of a Programme and this can lead to consultation meetings being used as an area to voice complaints and grievances about the lack of development. Implementing Partners must not make promises to stakeholders; expectations should be managed through dissemination of accurate information. Opinions for stakeholders should be treated as feedback to the Programme and other Programme partners and specialists.

5.1 Stakeholder Analysis

Once stakeholders are identified by directly and/or indirectly Programme-affected parties, interested parties, and those who have the potential to influence Programme outcomes, the next step will be to assess the level of stakeholder interest and support for the Programme. The assessment shall be geared towards identifying:

- stakeholders' interests,
- areas of potential risks and misunderstandings,
- mechanisms to positively influence other stakeholders,
- key people to be informed about the Programme during the preparation and implementation phases and,
- negatively impacted stakeholders as well as their adverse effects on the Programme.

The PMU through its implementation partners shall continuously classify stakeholders based on:

- their power to influence and their interest on the Programme,
- the legitimacy of each stakeholder's relationship with the Programme, and
- the urgency of the stakeholder's claim on the Programme activities, potential risks, and impacts.

Based on this analysis, the communication strategy, and the coordination mechanism to be developed by the PMU shall incorporate strategies to engage the 'High Interest and High Influence stakeholders' and the 'high Interest and Low Influence' stakeholders.

High interest and high influence stakeholders: The plan should be to fully engage this group and apply all effort to ensure that they are satisfied and fully always informed of the Programme. This can be done by focusing efforts on these groups of stakeholders throughout the Programme cycle, giving them the importance, they deserve, involving them in Programme governance decision making bodies and engaging them and consulting them regularly as well as providing timeous feedback. The engagement plan targeting these stakeholders shall be incorporated into the Programme annual work plan.

Figure 5-1 Basic Stakeholder Influence/Interest Chart.

(Source: <https://www.boreal-is.com/data/uploads/2020/07/A-step-by-step-guide-to-building-a-stakeholder-engagement-plan>

High interest and medium/low influence stakeholders: The high interest and low influence stakeholders should be kept informed, ensuring that no major issues arise because of the Programme. The Programme will maintain this group's interest in the Programme, involving them in the implementation arrangements, tapping into their interest and keep them in the loop.

The objective of the engagement and consultation plan under the SAPP II Programme is to:

- Begin early in the Programme planning process to gather initial views on the Programme proposal and inform Programme design
- Encourage stakeholder feedback, particularly as a way of informing Programme design and engagement by stakeholders in the identification and mitigation of environmental and social risks and impacts
- Ensure that stakeholders understand how the Programme is likely to affect them
- Ensure consistency in messaging
- Continue engagement on an ongoing basis as risks and impacts arise and manage stakeholders' expectations
- Ensure prior disclosure and dissemination of relevant, transparent, objective, meaningful and easily accessible information in a timeframe that enables meaningful consultations with stakeholders in a culturally appropriate format, in relevant local language(s) and is understandable to stakeholders
- Consider and respond to feedback
- Support active and inclusive engagement with Programme-affected parties
- Ensure that consultation(s) is/ are free of external manipulation, interference, coercion, discrimination, and intimidation; and
- Ensure consultation (s) is/are documented and disclosed by the Programme

5.2 Planning for Stakeholder Engagement

Prior to the commencement of stakeholder's engagement activities, meetings shall be scheduled with relevant Traditional Authorities, Community Representatives, political leaders in the districts, ministries and departments, Media, and other Interested & Affected Parties (I&APs). The purpose of these meetings shall be to refine stakeholder's engagement strategy to meet the requirements of I&APs and ensure that future communication is effective and cognizant of all social sensitivities.

The PMU will establish an operational plan in line with proposed Programme activities to ensure the participation and engagement of the stakeholders, ensuring that each group gets involved as defined and receive the agreed information. The plan must ensure a balance in the involvement and benefits between different gender segments and the participation of vulnerable groups, ensuring that the Programme's objectives are met in terms of contributing towards wealth creation, and improve food and nutrition security among the rural population. Regular meetings will be scheduled with the representatives of the groups of actors involved in the Programme, for the revision of the plan, activity progress and necessary adjustments according to probable changes in the initial context during the execution of the Programme.

a) Stakeholder Consultation Techniques/Methods

There are a variety of engagement techniques used to build relationships with stakeholders, gather information from stakeholders, consult with stakeholders, and disseminate Programme information to stakeholders. For the engagement process to be effective and meaningful, a range of techniques need to be applied that are specifically tailored to the identified stakeholder groups. The format of every engagement activity should meet general requirements on accessibility, i.e., should be held at venues that are easily reachable and do not require long commute, entrance fee or preliminary access authorization, cultural appropriateness (i.e., with due respect to the local customs and norms), and inclusivity, i.e., engaging all segments of the Programme affected parties including the vulnerable individuals. If necessary, logistical assistance should be provided to enable participants from the remote areas, persons with limited physical abilities and those with insufficient financial or transportation means to attend public meetings scheduled by the Programme. Particular attention will be given to the vulnerable groups to ensure that they are not denied Programme benefits.

In general, public consultations will take place through workshops, seminars, meetings, radio programs, request for written proposals/comments, questionnaire administration, public reading and explanation of Programme ideas and requirements. In the event of an emergency (e.g., floods or disease outbreak) however, there need to be a paradigm shift as to how engagement processes are carried out to minimize risk of infection and spread of the disease. There is need to do a cost-benefit analysis and strike a balance between virtually based communication channels and those that need physical interaction. The techniques mostly used in SEP are outlined in table below:

Table 2: Stakeholder Engagement Techniques

ENGAGEMENT TECHNIQUE	APPROPRIATE APPLICATION OF THE TECHNIQUES
SAPP II PMU - Internal	<ul style="list-style-type: none">• Emails• Progress Meetings• Bulletin board• Grievance procedure• Code of conduct
Official correspondences (Phone, Emails)	<ul style="list-style-type: none">• Distribute information to co-Implementing partners (at central, district and extension level), other Government departments, NGOs, Local Government, private sector, and organisations/agencies• <u>Invite stakeholders to meetings and follow-up</u>
Multi-stakeholder meetings and/or Workshops	<ul style="list-style-type: none">• Present Programme information to a group of stakeholders• Allow a group of stakeholders to provide their views and opinions• Use participatory exercises to facilitate group discussions, brainstorm issues, analyse information, and develop recommendations and strategies• Record responses
Social Media (WhatsApp, SMS, Face book, Twitter, Zoom, Microsoft Meetings Google classes etc	<ul style="list-style-type: none">• Share information with beneficiaries• Distribute information to Co-Implementing partners• Invite stakeholders to meetings and follow-up• Online Meetings with stakeholders• Online Workshops with stakeholders
Programme website	<ul style="list-style-type: none">• Present Programme information and progress updates• Disclose SEP, GRM and other relevant Programme documentation
One-on-one physical meetings	<ul style="list-style-type: none">• Seeking views and opinions• Enable stakeholder to speak freely about sensitive issues• Build personal relationships• Record meetings
Formal physical meetings	<ul style="list-style-type: none">• Present the Programme information to a group of stakeholders• Allow group to comment – opinions and views• Build impersonal relation with high level stakeholders• Disseminate technical information• Record discussions

Public consultation meetings	<ul style="list-style-type: none"> Present Programme information to a large group of stakeholders, especially communities Allow the group to provide their views and opinions Build relationship with the communities, especially those impacted Distribute non-technical information Facilitate meetings with presentations, PowerPoint, posters etc. Record discussions, comments, questions.
Focus group meetings	<ul style="list-style-type: none"> Present Programme information to a group of stakeholders (8-15 people groups) Allow stakeholders to provide their views on targeted baseline information Build relationships with communities Record responses
Programme leaflets	<ul style="list-style-type: none"> Brief Programme information to provide regular update Site specific Programme information.
Surveys	<ul style="list-style-type: none"> Gathering opinions and views from individual stakeholders Gather baseline data Record data Develop a baseline database for monitoring impacts

5.3 Engagement Activities and Information Disclosure

5.3.1 Stakeholders Engagement Activities

Prior to the commencement of stakeholder's engagement activities, meetings shall be scheduled with relevant Traditional Authorities, Community Representatives, political leaders in the Programme area, Government Ministries and Departments, Media, and other Interested & Affected Parties (I&APs). The purpose of these meetings shall be to refine stakeholder's engagement strategy to meet the requirements of I&APs and ensure that future communication is effective and cognisant of all social sensitivities.

Table 3: Stakeholder Engagement Activities

STAGE	OBJECTIVES	KEY ACTIVITIES	TARGET STAKEHOLDERS
Preliminary Engagements	<ul style="list-style-type: none"> To gain a preliminary understanding of the scope of the SAPP II Programme and relevant stakeholders; 	<ul style="list-style-type: none"> Field Visits Stakeholder identification process 	<ul style="list-style-type: none"> Government Ministries and Departments Communities Local Authorities Local Leadership
Engagements	<ul style="list-style-type: none"> To meet key stakeholders and introduce them to the Programme and Grievance Redress Mechanism (GRM) Process, To disclose the GRM as well as other Programme documents in the public domain to all interested and affected stakeholders, To gather issues of concern and through this identify a list of 	<ul style="list-style-type: none"> Meetings with key stakeholders to facilitate the broader stakeholder's engagement process, Dissemination of engagement materials (background information documents, posters, media notices etc.), Consultations through training workshops with GRM focal points, and all other stakeholders Feedback from stakeholders. 	<ul style="list-style-type: none"> Government Ministries and Departments, Communities, Local authorities, Local Leadership SAPP II Consultants, Agric Extension Officers NGOs Vulnerable Persons

	potential negative and positive impacts,		
Disclosure of the Grievance Redress Mechanism (GRM) and other Programme specific Reports.	<ul style="list-style-type: none"> To expose the stakeholders to the developed GRM and other Programme specific Reports. 	<ul style="list-style-type: none"> Disseminate the GRM and other Programme specific Reports to all stakeholders, Expound the contents of the GRM and other Programme specific Reports to all stakeholders, 	<ul style="list-style-type: none"> Government Ministries and Departments Communities Local Authorities Local Leadership General Public Media

5.3.2 Communication Plan

Table 4: Stakeholder Engagement Communication Plan

DAT	STAKEHOLDERS	COMMUNICATION	METHOD OF ENGAGEMENT
	MoA	<ul style="list-style-type: none"> Grievance Redress Mechanism SAPP II Stakeholders Engagement Plan 	<ul style="list-style-type: none"> Formal Meeting
	<ul style="list-style-type: none"> District Agricultural Officers ADDs EPAs Community Leadership 	<ul style="list-style-type: none"> Preliminary Meeting Present information on GRM and other Programme specific reports Induction and training on use of GRM tools Distribute non-technical information Facilitate meetings with presentations, PowerPoint, posters etc. 	<ul style="list-style-type: none"> Formal Meetings Workshops
	<ul style="list-style-type: none"> Programme Field Officers (PFO) Safeguards Specialists Consultants DADO 	<ul style="list-style-type: none"> Present information on GRM Induction and training on use of GRM tools Distribute non-technical information Facilitate meetings with presentations, PowerPoint, posters etc. Allow to provide their views and opinion Request guidance on how to handle SAPP II issues related to their views and opinions 	<ul style="list-style-type: none"> Formal Meeting Workshop Email
	<ul style="list-style-type: none"> Communities Programme Beneficiaries 	<ul style="list-style-type: none"> Present GRM and other Programme specific reports to Programme communities 	Community Meetings

	<ul style="list-style-type: none"> Vulnerable Persons 	<ul style="list-style-type: none"> Allow the communities to provide their views and opinions Build relationships with the communities Facilitate meeting with presentation and posters 	
	Media	<ul style="list-style-type: none"> Distribute non-technical information 	<ul style="list-style-type: none"> Press Statements

5.3.3 Information Disclosure

The type of information to be disclosed to the various stakeholders depends on their interests and how they will be affected by the Programme – or how SAPP II activities may be affected by them. Thereafter various communication tools can be utilized for the engagement process, such as:

- Programme notices published in local newspapers,
- Radio advertisements,
- Direct mailings to communities,
- Presentations with or without focus group sessions),
- Targeted e-mails,
- One-on-one meetings, presentations, seminars, workshops, e-mails, and phone conversations with stakeholders,
- Site tours, and
- The use of social media.

Table 5 below gives a general overview of the types of information needs for various stakeholder groups.

Table 5: Summary Overview of the stakeholder Engagement Plan

STAKEHOLDERS	INFORMATION TO BE DISCLOSED	CONSULTATION MEANS
SAPP II sub-Programmes, neighbouring communities, 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, MoA website etc.
	Forum to express environmental impact fears and get feedback e.g., accidental release/escape; contamination; emergencies, etc.	Public consultations, focal group discussions, social media Training specific members of the communities, awareness, education
Staff / workers at Programme sites and infrastructure.	How erection of structures and infrastructure at Programme sites will affect work environments including Occupational Health & Safety rules	Staff newsletters, bulletin boards, signs in labs; email, website, meetings with management, staff sensitization & training program in lab safety
Farmer Groups, Agricultural NGOs	Consultation on information needs / food safety	District Extension services, Baseline surveys / subsequent surveys to monitor impacts, emails, bulletins

Agrochemical companies	Available information on new technologies, crops varieties for improved yield etc	Seminars; District Extension services, sales agents
Intergovernmental Institutions	Sharing Implementation findings and experience.	Intergovernmental meetings and consultations
		Build partnerships through meetings, seminars, workshops
University Graduates	Internship opportunities	Website, public media, bulletin boards
Youths	Opportunities for going into farming and for employment during construction, sponsorships for education	District Agricultural Offices, public consultations

6 Grievance Redress Mechanism

6.1 Introduction

Implementation of sub-projects activities under SAPP II will take place in various locations of the selected five programme districts. The implementation may generate a number of challenges and complaints especially to those which relate to infringement of rights of sections of the society. As part of addressing such complaints and in the spirit of the continuous consultation process, a Grievance Redress Mechanism (GRM) has been developed for the project. The GRM will consist of three parallel systems at the disposal of the community and will be applied at the discretion of the complainant and/or the nature of the grievance. Three systems are; i) a community-based system ii) a formal system and iii) the IFAD Complaints procedure.

The GRM will be a system by which queries or clarifications about the programme will be responded to, problems with implementation will be resolved, and complaints and grievances will be addressed efficiently and effectively. The purpose of the grievance redress mechanism is:

- To be responsive to the needs of beneficiaries and to address and resolve their grievances;
- To serve as a conduit for soliciting inquiries, inviting suggestions, and increasing community participation;
- To collect information that can be used to improve operational performance;
- To enhance the programme's legitimacy among stakeholders;
- To promote fairness, transparency and accountability;
- To deter fraud and corruption and mitigate programme risks.

The three systems are presented below;

6.2 Community/Traditional Based System

The Community based system will be a stand-alone Grievance Mechanism where the communication mechanism involves only community members and will be site specific. This will be used to facilitate agreements among community members but also to solve disagreements where these might occur. The Community Based Grievance Redress Mechanism, aims to use the existing traditional structures and facilitate grievance resolution at higher levels (which may include the court of law, where necessary).

Communities tend to rely substantially on their own local social regulatory systems including mechanisms to deal with grievances that work in parallel with the formal systems. These internal social regulatory systems will be used to the extent possible at community level. Recourse where necessary will be facilitated by the Programme, but in general the SAPP II PMU will ensure easy access to information through culturally appropriate means and language of communication.

In solving problems, negotiation and agreement by consensus will provide the first avenue to iron out and resolve any grievances expressed by programme affected individuals. However, the channels will have to be in line with the norms of the communities as well as laws of the country. Thus, the process will involve informal courts handled by traditional leaders (village headmen, Chiefs, Senior Chiefs) and/or other recognised local leaders as and when applicable.

i) Group Village Headman level

The first port of entry is the Group Village Grievance Redress Committee (GVGRC) to operate at Group Village Headman level. The GVGRC preside over the matter over a set time (possibly 15 days) from receipt of the grievance to act upon it.

ii) TA Level

When one party is not satisfied with the decision at Group Village Headman level, the complaint can be taken up to the Area Grievance Redress Committee (AGRC). The AGRC operates at Traditional Authority Level. In most cases such complaints get sorted out at the Senior Chief level.

iii) District Commissioner

However, those who are not satisfied will be allowed to appeal to the District Commissioner (DC). At this level the District Grievance Redress Committee will preside over the case.

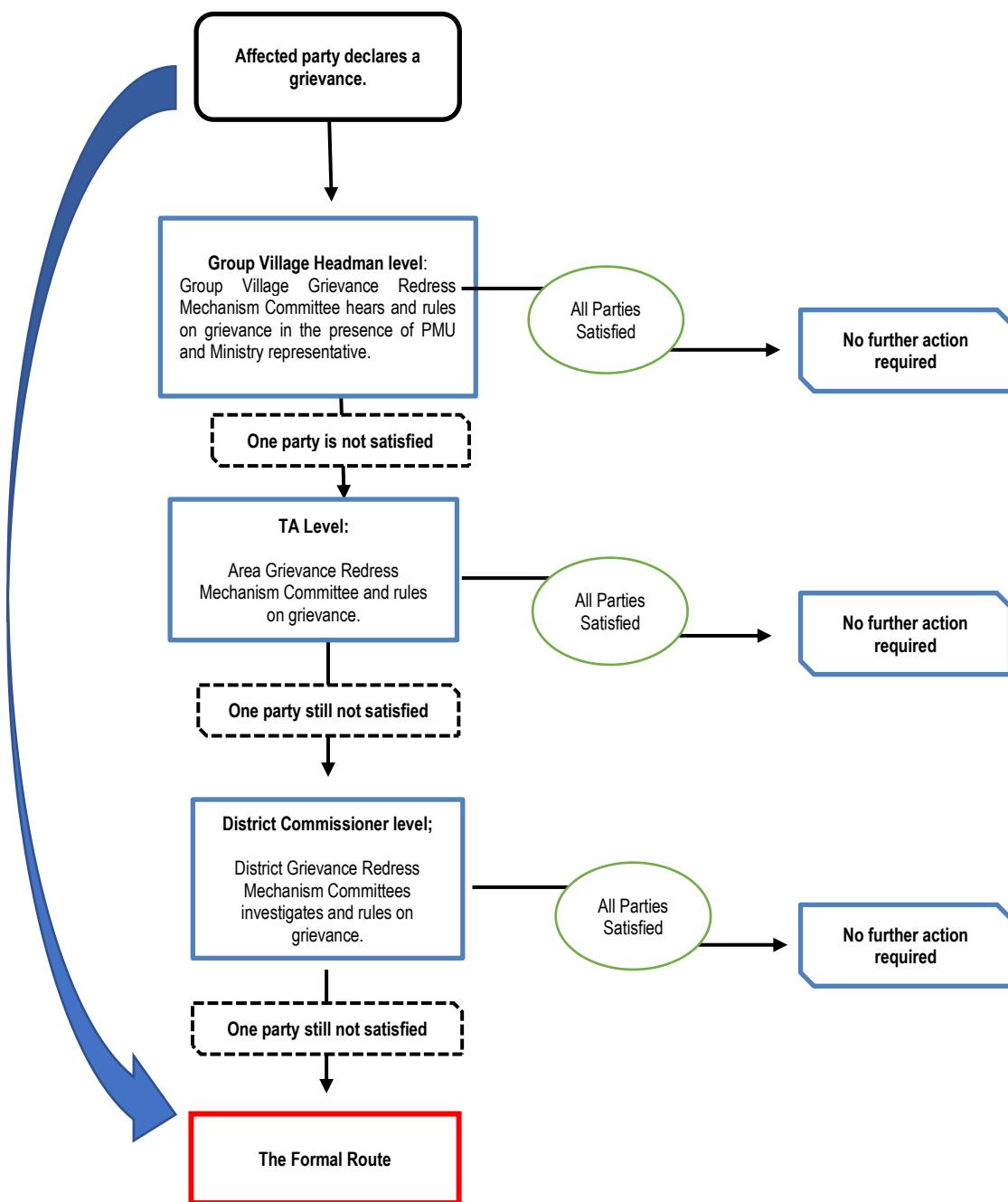


Figure 2: Traditional/Community Grievance Redress Mechanism

However, if the aggrieved party is still not satisfied then they can ultimately take the formal route. Formal Route includes magistrates, High Court of Malawi and Supreme Court of Malawi. These courts handle both civil and criminal cases. With regards to complaints and cases during SAPP II, people with complaints will have opportunity to take cases to these courts for review and determination on course of action. Such cases may include review of amount of compensations, cases theft of valuable property as well as physically harming each other. Magistrate courts are located in all the five districts and these would help complainants to access the services of these magistrates in case such needs arise.

6.3 Programme Formal GRM

The formal Grievance Redress Mechanism consists of the following components which will be facilitated by the SAPP II PMU: -

- The access point for impacted/concerned people will be situated as close to the beneficiary farmers as possible, such as places at the sub-project and PMU offices. PMU staff will be responsible for receiving the Grievances, classifying and logging them.
- An acknowledgement of receipt should be given to the complainant containing an expectation of when they will receive a response.
- The grievance is then assessed and investigated to identify all the key facts.
- A resolution is then arrived at and the proposed actions are confirmed with PMU/Ministry of Agriculture senior members of staff.
- A response is then communicated to the complainant within the timescale promised.
- The complainant is given room to appeal to the Ministry of Agriculture district/national level or the Courts of Law if they are not satisfied with the response.
- Once done the case is brought to a closure and other PMU staff members should be made aware of the nature of the complaint, any underlying issues and plans to prevent any future recurrence of the issue.

The structure of the Formal GRM consists of a number of components as follows:

- The access point for impacted/concerned people
- Grievance log
- Acknowledgement stage
- Assessment stage
- Passing of resolution
- Response
- Room for appeal
- Case closure

The components are summarized in the process flow diagram below.

6.3.1 Process Overview

The following key steps must be followed for all complaints received:

a) Receive, Classify and Log

Summary

Ensure that all potential issues are captured and classified for escalation, review and action as required.

Receiving the Grievance

The access points will be as close to the users as possible. An easily accessible and well publicized focal point or user-facing 'help desk' is the first step. This will be established at each sub-project, and PMU offices so that it will be seen as credible and accessible. The main issues for the access point include the following:

Uptake channels should include some or all of the following: phone hotline, email, mail, SMS, webpage, or face-to-face.

- The uptake channels will be publicized and advertised via local media and the implementing agency.
- Verbal complaints should be recorded by staff for them to be considered.
- Many complaints may be resolved 'on the spot' and informally by the PMU staff but should also be logged in order to (i) encourage responsiveness; and (ii) ensure that repeated or low-level grievances are being noted in the system.
- The GRM should have the ability to handle anonymous complaints.

Typically, the complainant will be provided with a receipt and 'roadmap' telling him/her how the complaint process works and when to expect further information.

Logging and classifying

Any complaint, issue or negative stakeholder interaction (whether this is formally logged by the complainant or not), must be logged and classified for action.

All of these complaints must be formally logged using the standard forms.

All complaints must be prioritised as follows:

✓ **Priority 1 – urgent**, potential high health and high business impact. **This require a response to the Complainant within three (3) working days.**

- This should be used (sparingly) for major health issues where the complaint may have disastrous impacts on either human, the environment or the project itself.
- Also, this could be used in a situation where the complainant may be in a position to influence or make public statements that would impact upon the project reputation.

✓ **Priority 2, - non-urgent**, lower health environmental and social impact. This requires a response to the complainant within 2 working weeks.

- This should be used for most complaints with individual stakeholders, as this allows a reasonable time to collect information and produce a balanced response.

- Discretion and flexibility should be exercised in prioritising all complaints
- The staff member logging the complaint should review the complaint and its priority with the PMU Manager before proceeding to the next step.
- The PMU Manager will decide on the appropriate person(s) to carry out subsequent steps, including the investigation.
- **All Priority 1 complaints must be escalated immediately to the PMU Manager.**

b) Acknowledge

Summary

Ensure that every complaint receives a formal written acknowledgement, containing an expectation of when they will receive a response, and the person dealing with it.

- All complaints, regardless of priority, should receive a pro forma acknowledgement sent out 1st class mail on the day of receipt.

c) Assess and Investigate

Summary

Follow up all aspects of the complaint, both internal and external, to ensure that the key facts are identified and clarified.

- The priority of the complaint will drive the timescale for completion (3 days for urgent or 2 weeks for non-urgent).
- All areas of interaction and communication should be established (who, what, where, when, why etc.) and documented where possible.

d) Resolve and Confirm

Summary

Ensure that the final resolution is clear and fair. Also confirm the proposed action and resolution with another senior person (SAPP II – PMU).

- Ensure that the proposed resolution meets corporate guidelines and does not prejudice the project in any unnecessary legal or financial manner.
- Document the proposed action and discuss and agree with the PMU Manager.
- Discuss and review the solution from both the corporate and complainant viewpoint to ensure fairness and clarity.
- The review should include recognition and documentation of any underlying issues that have contributed to the complaint and recommendations for actions to prevent further occurrence.
- This should then be reviewed as part of the bi-monthly quality assurance reviews.

e) Respond to Complaint

Summary

Provide the Complainant with the resolution within the timescales promised.

- The details of the findings and proposed resolution should be clearly explained (in written or verbal form as appropriate) to the complainant- within the agreed timescales.
- If this cannot be done on time the Complainant should be contacted by telephone to request further time.

f) Appeal and Follow Up

Summary

Ensure that complaints are followed up to confirm that the complainants are satisfied with the response given. If not satisfied the Complainant is advised on the route for Appealing.

- All Priority 1 complaints and 95% of priority 2 complaints must be followed up within a reasonable timescale.
- This will be carried out by project administration team / PMU Manager's office.
- The follow-up should identify the following
 - Is the complainant satisfied with the response?
 - Did they feel that their complaint was properly and fairly handled?
- Any negative responses to these questions should be referred to PMU Manager for action and direct follow up with the complainant.
- The complainant is given room for appealing to the Ministry of Finance or Courts of Law, if he is not satisfied.

g) Questions, Answer and Close

Summary

Ensure that the PMU as a whole is aware of the complaints and any underlying issues. Plan actions to remove these and prevent future recurrence.

- All complaints should be reviewed monthly as part of the quality assurance review meetings.
- Any complaints where action can be taken to avoid recurrence must be acted upon and raised with the appropriate managers/teams across the project.

6.4 Additional GRM Approaches

Besides the proposed GRM approach, aggrieved persons can also employ additional channels to air their complaints. These include the IFAD Accountability and Complaints Procedures as highlighted below.

6.4.1 IFAD Accountability and Complaints Procedures

The objective of the IFAD Complaints Procedure is to ensure that appropriate mechanisms are in place to allow individuals and communities to contact IFAD directly and file a complaint if they believe they are or might be adversely affected by an IFAD-funded project/programme not complying with IFAD's Social and Environmental Policies and mandatory aspects of SECAP.

Complaints must concern environmental, social and climate issues only and should not be accusations of fraudulent or corrupt activities in relation to project implementation – these are dealt with by IFAD's Office of Audit and Oversight.

To file a complaint for alleged non-compliance with IFAD's social and environmental policies and mandatory aspects of its SECAP, IFAD will consider only complaints meeting the following criteria:

- The complainants claim that IFAD has failed to apply its social and environmental policies and/or the mandatory provisions set out in SECAP.
- The complainants claim that they have been or will be adversely affected by IFAD's failure to apply these policies.

- Complaints must be put forward by at least two people who are both nationals of the country concerned and/or living in the project area. Complaints from foreign locations or anonymous complaints will not be taken into account.
- Complaints must concern projects/programmes currently under design or implementation. Complaints concerning closed projects, or those that are more than 95 per cent disbursed, will not be considered.

A complaint relating to non-compliance with IFAD's Social and Environmental Policies and mandatory aspects of its SECAP can be submitted by downloading the complaints form on the IFAD website or to send an email to SECAP_complaints@ifad.org. If you email or mail your complaint, please include the following information:

- Name, address, telephone number and other contact information
- Whether the complainants wish to keep their identity confidential, and if so, why
- Name, location, and nature of the IFAD project/programme (if known)
- How the Complainants believe they have been, or are likely to be, adversely affected by the IFAD-supported project or programme

Complaints sent by mail should be addressed to:

IFAD, SECAP Complaints (PMD), Via Paolo di Dono 44, 00142 Rome, Italy

7 Managing GRM

Effective management demands that the GRM be well understood by potential users and implementers of the GRM. There has to be good coordination of the GRM, and the GRM has to be well-resourced.

7.1 Public Awareness of the GRM

The GRM will occupy a central place in the PMU and Ministry of Agriculture Communication Strategy to create public awareness of the GRM. The information, education and communication activities to publicise the GRM will include public sensitisation through media and meetings at national, district and community levels, including distribution of GRM brochures in public places. Part of the public awareness to make the GRM accessible will involve translating the English version of the GRM and the accompanying registry forms into local languages spoken in each of the five districts (may include but not limited to Chichewa, Tumbuka, Yao, Elhomwe, Sena, and Tonga). The PMU will develop and share the necessary forms required for registering and reporting all grievances especially at community and at the formal programme level. Grievance cases that are taken to the official courts and/or to IFAD directly should be recorded by the PMU accordingly.

7.2 Capacity Building and Monitoring

Stakeholders shall be trained on the GRM processes and steps to ensure that they perform their roles effectively and with speed to the satisfaction of the aggrieved parties and project expectations shall be taken. The preparation of a monthly report on the types of grievances raised or received will help in identifying complaints that are most common. With this information, actions can be taken to first avoid the rise of this type of complaints in the future. The monitoring of grievances is essentially a learning exercise to improve situation on the ground. It will be the responsibility of the Social Safeguards Specialist in the PMU to monitor the performance of the GRM through reports from the local and district level.

8 SEP Resources and Responsibilities

8.1 Responsibilities

The management, coordination and implementation of the SEP and its integral tasks will be the responsibility of dedicated team members within the PMU through Environmental and Social Safeguards Specialists whose roles and responsibilities of the organizations are presented below.

The Programme Management Unit

The PMU will be accountable for ensuring SAPP II achieves its development objectives and for oversight of all day-to-day operations of the Programme. The PMU will also be responsible for all reporting requirement of GoM and IFAD related to the Programme. The PMU under the oversight of the Permanent Secretary will work closely with relevant stakeholders to ensure that the SEP is implemented in a successful manner.

Environmental and Climate Safeguards Specialist

The person will be responsible for the management of Programme related environmental safeguards issues and will have oversight over all stakeholder engagement activities as well as other Programme specific safeguards documents. Responsibilities will include the following:

- Continuous development, implementation and monitoring of the stakeholder's engagement plan and other Programme specific documents
- To bring together the different stakeholders engaged in climate financing and develop joint strategies and plans, ensuring that key stakeholders are engaged while creating and maintaining momentum. Liaise with the Programme Manager to ensure that stakeholders engagement requirements are understood
- To develop and maintain the stakeholder database/map and
- Proactively identify stakeholders, Programme risks and opportunities and inform Programme Coordinator to ensure that the necessary planning can be done to either mitigate risk or exploit opportunities.
- To initiate the Technical Working Group on environment protection and Climate Change, identifying participants, organizing several initial meetings, and ensuring the TWG is a useful and efficient instrument for technical collaboration.
- To organize regular meetings and/or prepare regular communications, in close collaboration with the PMU

Gender and Social Inclusion Specialist

The Social Inclusion Specialist will be responsible for the management of Programme related social safeguards issues. He/she will oversee all stakeholder engagement activities regarding the implementation of the GRM as well as other Programme specific documents. Responsibilities will include the following:

- Continuous Development, implementation and monitoring of the stakeholder's engagement plan, GRM and other Programme specific documents
- Guiding and overseeing community sensitization processes, ensuring that key information reaches all intended target groups, that beneficiary selection is transparent and in line with pre-defined criteria and that all target groups participate in relevant programme decision-making processes.
- Liaising with local stakeholders regularly to disseminate information about social risk mitigation activities considered by SAPP II.
- Liaise with the Programme Coordinator to ensure that stakeholder engagement requirements are understood.
- Maintain the stakeholder database and
- Proactively identify stakeholders, Programme risks and opportunities and inform Programme Coordinator to ensure that the necessary planning can be done to either mitigate risk or exploit opportunities.

Resources

The design and implementation of a detailed and accurate SEP will be the overall responsibility of the PMU. The Programme Coordinator will oversee the SEP implementation to ensure the success of the SAPP II Programme.

Budget

The Programme Coordinator will ensure that the PMU has an adequate standing budget allocated towards the Stakeholder Management Programme.

Training

All the SAPP II partners and PMU team members will attend a workshop whose focus will be to bring awareness on the Programme, SEP, GRM as well as other Programme specific documents.

8.2 Monitoring and Reporting

Monitoring and evaluation of the SEP process is vital as it ensures that the PMU can respond to identified issues and alter the schedule and nature of engagement activities to make them more effective. As part of the SEP, a mechanism for providing feedback to the stakeholders on their information needs will be set up. In addition, the SEP will include means for monitoring the effectiveness of the public consultation processes and outcomes from consultations, and for determining where further action may be necessary regarding engagement.

The environmental and social safeguards specialists in the PMU will be responsible to ensure that the SEP is implemented throughout the life of the Programme. They will also be responsible for communicating and reporting on all stakeholder matters to the Programme Coordinator.

Monitoring of the stakeholder engagement process allows the efficacy of the process to be evaluated. Amongst others the following monitoring activities will be implemented:

- During the engagement activities: short-term monitoring to allow for adjustments/improvements to be made during engagement; and
- Following completion of all engagement activities: review of outputs at the end of engagement to evaluate the effectiveness of the SEP as implemented.

To help in the monitoring system, a series of key performance indicators for each stakeholder engagement stage will be developed. Table below shows an example of the indicators and performance against the indicators to show successful completion of engagement tasks.

Table 7: Key Performance Indicators

PHASE	ACTIVITIES	INDICATORS
Planning for Programme	Share updates on Programme activities	Posters displayed in allocated service centres by time specified
GRM, SEP and other Programme specific documents Implementation	Share updates on SEP, GRM and other Programme specific documents activities	Posters displayed in allocated service centres by time specified, Affected community stakeholders will have received and understand the information disclosed and attended the public meetings, Communities provided feedback, No complaints about non-receipt of Programme specific documents received.

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The identification of SAPP II related impacts and concerns is a key element of stakeholder engagement that will occur over the complete Programme life cycle. As such, the identification of new concerns, impacts and grievances as the GRM and Programme progress will serve as an overall indicator for the implementation of the stakeholder engagement process. There are two keyways in which the stakeholder engagement process, as will be provided for in the M&E action plan, will be monitored:

8.2.1 Review of Engagement Activities in the Field

During the engagements with stakeholders the engagement team will assess meetings using the following engagement tools:

- Stakeholders database,
- Issue and Response table, and
- Meeting records of all consultations held.

8.2.2 Reporting Stakeholders Engagement Activities

Performance will be reviewed following the stakeholder's engagement sessions conducted in the field. In assessing performance, the following will be considered:

- Materials disseminated: Types, frequency, and location,
- Place and time of formal engagement events and level of participation including specific stakeholders' groups e.g., Chiefs,
- Number of people attending public or formal meetings,
- Number of comments received type of stakeholder and detail of feedback provided,
- Meeting minutes, attendance register and photographic evidence,
- Numbers and type of stakeholders who contact the SAPP II Programme team by mail, telephone, and any other means of communication,
- Comments received by government authorities, community leaders and other Programme partners and passed to the SAPP II Programme, and
- Number and types of feedback and/or grievances and the nature and timing of their resolution; and the extent to which feedback and comments have been addressed and have led to corrective actions being implemented

Malawi

Sustainable Agricultural Production Programme - Phase 2

Project Design Report

Annex: Secap Pest Management Plan

Mission Dates: 12 - 23 June 2023

Document Date: 17/11/2023

Project No. 2000004511

Report No. 6603-MW

East and Southern Africa Division
Programme Management Department

Annex 2: Pest Management Plan - Annotated Outline

A Pest Management Plan (PMP) is a concise implementation plan for the pest management aspects of a given project/programme, which is used to communicate with relevant stakeholders to ensure that they are informed about important details of the pest management strategy and are given the opportunity to react. The PMP includes the results of a given impact assessment but also describes the full rationale of, and justification for, the application of biocides or other pest management techniques, and the respective institutional and regulatory framework. It provides a comprehensive description of the proposed technique, associated risks and appropriate measures to minimize or mitigate those risks.

The PMP needs to be disclosed and discussed in at least two steps. A draft version of the plan must be shared at the earliest possible stage with potentially affected parties and other stakeholders, in a form and language understandable to them, and their views must be taken into account during revision of the draft. The final version of the plan must be publicly disclosed prior to project approval, including on the IFAD website.

For projects that involve the use of synthetic or natural biocides (or bio-pesticides) adherence to the following requirements should be demonstrated:

- i. Evidence that available options to avoid the use of biocides have been rigorously considered, such as biological or physical means, and that none is viable for the specific context and objective.
- ii. Any use of biocides or bio-pesticides must be guided by the associated technical guidelines provided by the manufacturers of the respective product and the respective national regulatory authority and comply with recommendations and minimum standards as described in the WHO and FAO (2014) and associated guidelines.⁷⁰
- iii. Preference should be given to products that are less hazardous and persistent in the environment, and to methods of application and equipment that minimize the risks to users, local communities and the environment.

The following 6 steps should assist in effective pest management planning:

1. Understand the pest issues
2. Develop a draft pest management plan
3. Consultations
4. Finalize and implement the plan
5. Monitoring
6. Evaluate and review the overall results

An annotated outline/template of a PMP that meets the requirements of the SECAP is provided below:

- 1. Overview/Background on the intended project/programme:** This section should present a brief overview of key project/programme information. This section should include the following elements:
 - 1.1 Title of the project.
 - 1.2 Countries/regions/territories where the pest management technique will be implemented/applied.

⁷⁰ World Health Organization and United Nations Food and Agriculture Organization, 2014. *International Code of Conduct on Pesticide Management*. Available at <http://www.fao.org/agriculture/crops/thematic-sitemap/theme/pests/code/en/>

- 1.3 Name of the executing entity (with the name, position title contact information of the main project personnel responsible for the PMP).
- 1.4 Summary of the project
- 1.5 Date of preparation of the PMP.

2. Rationale and objectives of the Pest management Plan: This section should outline the main objectives and rationale behind the choice of pest management technique. It should include a detail description of the following elements:

- 2.1 Current impacts caused by the pest (which is being proposed for management by the project/programme), and anticipated future changes to said impacts.⁷¹
- 2.2 Current management measures/practices applied to the pest, if relevant, and rationale behind the proposed changes
- 2.3 Borrower/grant recipient's experience with pest management.

3. Description of Pest Management Practice: This section should outline the specific pest management technique that has been chosen. If the application of biocides is being proposed, the following elements must be addressed and included as part of the PMP:

- 3.1 Identity, class, and application rate/quantity of biocides/pesticides that are to be used by the project.⁷²
- 3.2 The form and method used for the given pest management practice.⁷³
- 3.3 The specific geographic range where the pest management practices will be applied (GIS Coordinates).
- 3.4 Name and address of the supplier of selected biocides, or information on the facilities where the products will be stored.

4. Institutional, Legislative and Regulatory framework: This section should provide a concise description of the legal and regulatory framework that the biocide or other pest management technique will be used in.

- 4.1 National regulatory framework and the legal status of the product or technique. This should also outline/address any required documentation and standards that would be required under national law and Good International Industry Practice (GIIP), and international agreements/conventions.
- 4.2 Where a biocide is not regulated under national law, the PMP should identify international laws for either the actual product or similar products, that could be used

⁷¹ Such as those caused by climate change and other planned interventions

⁷²Including chemical, trade and common names, likely dilution rates, application rates per ha etc

⁷³ For example; pellet, liquid, paint-on, back-pack or aerial spraying, rodenticides dropped from aircraft, permanent bait stations etc

as a guide. In such cases, the PMP should also explain why this given biocide/technique is necessary despite the absence of national standards/regulation.

- 4.3 Analysis of institutional capacity for control of the distribution, use and disposal of biocides, in particular the product selected by the project and the institutions responsible at the project site.
- 4.4 Any measures proposed to strengthen regulatory frameworks and institutional capacity, where relevant.

5. Technique/Practice Risk Assessment: This section of the PMP should assess potential environmental and social risks of undertaking the chosen pest management practice/technique. It should also outline potential mitigation measures that will be used to minimize identified risks. It should include the following:

- 5.1 Assessment of risks to communities and individuals that are related (both directly and indirectly) to the use of a given pest management product/technique. The assessment should take the real circumstances of application into account, including the capability of operators to handle products within acceptable risk margins and their access to and use of protective gear and appropriate application equipment.
- 5.2 Assessment of risks posed to the environment, based on the use of a given technique/product (based on the expected levels of use of a given biocide/product). The assessment should include potential impacts to all components of the biophysical environment, including but not limited to soils, surface waters, groundwater, marine run-off, habitats, plant communities, and non-target species, particularly native, endemic and threatened species.
- 5.3 Assessment of risks that could be posed prior to and after the use/application of the chosen technique/product. This could include assessments of the transport, storage, handling and disposal of such products/chemicals. It should consider the capacity of the "handling entity" to undertake the requisite tasks.
- 5.4 Effective measures should be identified to reduce and mitigate the risks, such as training for workers applying biocides and for people coming in contact with the substances, effective personal protective equipment, development of standard operating procedures, upgrading of storage facilities etc. Mitigation measures should include activities for monitoring effectiveness of application and early identification of needs for corrective actions (e.g. tracking of damage to and/or deaths of non-target species).
- 5.5 An assessment of potential alternatives (i.e. to the use of the chosen technique) should be presented. This should establish that there is no less risky alternative to the one being proposed by the project/programme.
- 5.6 The assessment should conclude with a comparison of the selected approach and its expected result with the current situation, and provide clear evidence of the benefits justifying the selection of the approach.

6. Mitigation and Emergency Preparedness Actions/Plan: This section of the PMP should outline, in detail, the recommended mitigation measures as established in the Technique/Practice Risk Assessment. It should include the specific resources required for such actions, with a detailed schedule and the responsible party being nominated. It should outline an emergency preparedness plan for unforeseen events with negative environmental or social/health/pandemic impacts. The Emergency preparedness plan should include: planned

responses to unforeseen natural events; procedures for first aid and medical attention cases; and, include a mechanism to observe and record any such unforeseen impacts/events.

- 7. Consultation, Disclosure, and Grievance:** This section should outline where, when and how the PMP will be disclosed. Consistent with the requirements of the SECAP, the PMP should be disclosed in a timely and culturally appropriate manner to project affected parties. This section should also specify the dates, results and feedback that were received during consultation with local communities and owners of land adjacent to the project/programme area. It should also provide evidence of consultations held with relevant authorities (indicating who and when) and evidence that appropriate EIA procedures were followed and licenses and permissions, where relevant, were obtained. This section should link to and explain in further detail IFAD's grievance redress system and the requirements as outlined in the SECAP.

Malawi

Sustainable Agricultural Production Programme - Phase 2

Project Design Report

Annex: Secap Escm Plan Matrix

Mission Dates: 12 - 23 June 2023

Document Date: 17/11/2023

Project No. 2000004511

Report No. 6603-MW

East and Southern Africa Division
Programme Management Department

Table 3: Environment, Social and Climate Management Plan Matrix

ESCMP Matrix						
Environmental/ Social and climate Impacts	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution In Implementation Phase	Means of Verification (Monitoring and reporting)	Frequency of Verification	Cost Estimate
Social Impacts						
Labour and working conditions The risks are child labour due to high dropout rates, working during school holidays, heavy labour burden on women, occupational health/injuries risks during NRM works, and poor working conditions of workers working with partners and service providers	The ECSMP matrix provides for elaborate mitigation and monitoring/surveillance measures to prevent/limit child labour, occupational health and safety as well as poor working conditions. The project is also promoting the GALs methodology at household level to encourage sharing of labour roles at farm and household levels, to reduce the burden on women.	Community awareness on child labour laws, gender awareness and redress mechanisms	GoM, Partners and private sector stakeholders	Supervision and other monitoring reports	Semi-annual	Project implementation costs
Increased GBV due to backlash on increasing women empowerment	Gender trainings and interventions to include 'male engagement for women empowerment sessions' and linkage to GOM GBV reporting procedures	Through GALS	GOM, partners	Supervision	Every 6 months	Project implementation costs
Negative effects on household dietary diversity	The project will incorporate nutrition education and social behaviour change communication to promote healthy diets and dietary diversity	Through nutrition education and SBCC activities	GOM and partners	Through nutrition COI indicators and supervision	Baseline, mid and end line Annual	Not/Applicable-to be integrated into the project overall budget

	either from own production or from markets and also support the establishment of integrated home gardens for the most vulnerable populations for household dietary needs					
Environment Impacts						
Loss of vegetation and targeted project sites	Establishment of tree nurseries including tree seedlings for natural trees Promote agroforestry Re-plant and re-vegetate	Training of farmers	MoAIWD Departments; DESC	Vegetative buffer zones -Ha out-planted with trees and that under natural regeneration -Number of farmers practising agroforestry	Every six months	Project implementation costs
Loss of habitat for wild animals Loss of biodiversity mice, snakes	Maintain some trees around as tree belts Afforestation within local villages Develop Strategy to protect/restore biodiversity.	Sensitisation of Farmers on environmental protection	MoAIWD Departments; DESC	-Vegetative buffer zones -Number of trees planted -Biodiversity retained	Every six months	Project implementation costs
-Increase in surface runoff and soil erosion due to Increase in exposure of soil	-Implement soil conservation measures within all the fields (check dams, box ridges) -Promote CA for increased infiltration	- Catchment meetings Participatory dam surveys	MoAIWD Departments; DESC;	Ha under CA Ha, under Soil and Water conservation measures – box ridges, check dams.	Every six months	Project implementation costs
Risks of salinization	Apply correct amount of fertilizers Add lime to soil where there are problems of salinization	Training of farmers	MoAIWD Departments; DESC;	Regulation of correct fertilizers to soils	Annually	Project implementation costs
Disturbance to the growth of micro - organisms	Use correct amount of fertilizers in fields Use of a combination of organic fertilizers; minimum tillage and recycling of crop residues	Training of farmers	MoAIWD Departments; DESC;	Use of organic fertilizers, minimum tillage and residue recycling methods	Every six months	Not applicable

Increase in suspended solids and sediments delivery into surface water resources.	Water harvesting measures (box ridges, check dams) and improvement of soil infiltration		MoAIWD Departments; DESC	Water harvesting/land conservation measures in place	Every six months	Project implementation costs
Exposure and pollution from agrochemicals	Refer to PMP recommendations	Training of farmers on water pollution management	MoAIWD Departments; DESC;	Protective measures implemented as recommended in PMP	Every six months	Project implementation costs
Increase in siltation and deterioration of water quality in streams nearby	Maintenance of vegetative buffer zone along rivers to minimises soil erosion into rivers	- Catchment meetings Participatory dam surveys	MoAIWD Departments; DESC;	Vegetative buffer zones along rivers	Every six months	Project implementation costs
Poor post-harvest management	<ul style="list-style-type: none"> -Train farmers on post-harvest management including value-added processing techniques, food safety protocols and quality standards for horticultural commodities - Infrastructure development is critical at irrigation scheme level e.g. cold rooms, shade nets to maintain quality of produce -Facilitate research and development of appropriate post-harvest technologies to help reduce post-harvest losses. 	<ul style="list-style-type: none"> -Training on Post-Harvest Management -Participatory research and development to reduce losses 	PMU, MoAIWD Departments; DESC;	Training reports, research and development reports, seasonal roadmap	Seasonal	Project implementation costs
Climate Impacts						
Increased frequencies and intensity of extreme weather events (extreme heat,	- Promote use of climate resilient cropping systems and practices to offer important adaptation benefits.	Training and education of farmers on climate smart technologies	MoAIWD Departments; DESC;	Training reports, records of weather/climate information, capacitate extension staff, improved yields	Seasonal	Project implementation costs

droughts, storms, cyclones, floods)	<ul style="list-style-type: none"> - Introduce crop diversification and the promotion of agricultural practices that are better adapted to changing climate - Promote drought tolerant crops where applicable - Enhance and improve agro-meteorological infrastructure to provide timely information services to the project beneficiaries such as cooperatives public and private investors and other value chain actors. - Identifying high ground/appropriate siting for infrastructure development to mitigate flood risks - Adopt climate smart technologies (sustainable land management, water harvesting technologies; clean energy and conservation of forests ecosystems) <p>Facilitate timeous and accurate climate and weather information advisories</p>	<p>Timely and accurate weather/climate information provision</p> <p>Capacitating technical staff on climate integration</p>				
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