Executive Board

President’s memorandum

Proposed additional financing to the Republic of Malawi

Transforming Agriculture through Diversification and Entrepreneurship Programme (TRADE)

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Action: The Executive Board is invited to approve the recommendation for the proposed additional financing contained in paragraph 36.

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Financing summary

Initiating institution:	IFAD
Borrower/recipient:	Republic of Malawi
Executing agency:	Ministry of Local Government and Rural Development
Total programme cost:	US$155.1 million
Amount of original IFAD loan:	Special drawing rights (SDR) 37.1 million (equivalent to US$51.1 million)
Terms of original IFAD loan:	Highly concessional: Maturity period of 40 years, including a grace period of 10 years, with a fixed service charge
Amount of original IFAD Debt Sustainability Framework (DSF) grant:	SDR 13.7 million (equivalent to US$18.9 million)
Amount of additional IFAD DSF grant:	US$27.9 million
Cofinanciers:	OPEC Fund for International Development (OPEC Fund); Private sector
Amount of cofinancing:	OPEC Fund: US$20.0 million Private sector: US$11.7 million
Terms of cofinancing:	Loan
Contribution of borrower/recipient:	US$15.3 million
Additional contribution 1 of borrower/recipient:	US$1.9 million
Contribution of participants:	US$8.3 million
Amount of IFAD climate finance:	US$14.8 million
Cooperating institution:	IFAD

I. Background and programme description

A. Background

1. The Transforming Agriculture through Diversification and Entrepreneurship Programme[1] (TRADE) was approved in December 2019 and entered into force on 28 July 2020. The programme completion and closing dates are 30 September 2028 and 31 March 2029, respectively, following a two-year extension approved in 2025. TRADE is financed through an IFAD investment of US$70.0 million, comprising a highly concessional loan of US$51.1 million and a DSF grant of US$18.9 million, alongside a loan from the OPEC Fund of US$20.0 million and Government and participant contributions.

2. This memorandum seeks approval of the Government of Malawi's request for additional financing for the TRADE programme in the amount of US$27.851 million under the Thirteenth Replenishment of IFAD's Resources (IFAD13). The primary purpose of the additional financing is to safeguard and complete critical market infrastructure investments under component 2 — enabling environment for smallholder commercialization — that have been affected by substantial macroeconomic shocks and cost escalations during implementation. Specifically, the additional financing will address the financing gap stemming from increases in the cost of fuel, transport, construction materials and contractor inputs, thereby ensuring the completion of roads, warehouses, rural growth centres and other strategic infrastructure already planned under the programme.

3. The remaining additional financing resources will be used to rehabilitate an additional 250 km of rural access roads to improve market connectivity and maximize commercialization of the benefits of existing investments. Given the scale of the remaining works and the need to ensure the completion, operationalization and utilization of the infrastructure, including the defects liability period, the additional financing package also includes a request to extend the programme completion and closing dates to 30 September 2030 and 31 March 2031, respectively.

B. Original programme description

4. The goal of TRADE is to improve the sustainable livelihoods of rural people in Malawi. The development objective is to increase value chain commercialization and the resilience of rural poor and smallholder producers. The programme originally targeted approximately 300,000 households, a figure that was revised at the midterm review (MTR) to 488,643. The programme is implemented across 11 districts and focuses on seven priority value chains: groundnuts, soybeans, sunflower, Irish potatoes, dairy, beef and honey.

II. Rationale for additional financing

A. Rationale

5. The proposed additional financing constitutes a strategic response to the macroeconomic shocks affecting infrastructure delivery in Malawi and is intended to safeguard the development gains already made under TRADE. Approximately 85 per cent of the additional financing will safeguard and complete the originally approved infrastructure portfolio impacted by exogenous macroeconomic shocks, while the remaining resources will finance the rehabilitation of an additional 250 km of rural access roads to maximize commercialization benefits and improve market connectivity.

6. Recent macroeconomic shocks, including fuel price increases linked to the Middle East crisis, rising inflation, foreign exchange shortages and the escalating prices of imported construction materials, have substantially increased the cost of delivering

[1] EB 2019/128/R.25/Rev.1.

infrastructure investments. As a result, the real value of existing allocations has eroded, leading to higher contractor quotations and financing gaps across roads, markets, warehouses and rural markets. Without additional financing, the programme risks contract revisions, reductions in scope and delayed completion of infrastructure already under construction, resulting in stranded assets and undermining the returns on prior investments in farmer organization and value chain development.

7. TRADE remains a not-at-risk programme and has demonstrated strong recovery in implementation performance since the MTR of June 2025. Combined IFAD disbursements reached 73 per cent as at 11 June 2026, with a live disbursement rating of 4, compared to 26 per cent of total programme funds disbursed at the MTR. This improvement reflects the implementation of an operational acceleration strategy and a robust infrastructure procurement pipeline. The proposed additional financing will therefore capitalize on this positive trajectory, enabling the programme to complete critical infrastructure investments and consolidate commercialization gains already made.

Special aspects relating to IFAD's corporate mainstreaming priorities

8. In line with IFAD’s mainstreaming commitments, the programme has been validated as:

☒ Including climate finance

☒ Gender-transformative

☒ Nutrition-sensitive

☒ Youth-sensitive

B. Description of geographical area and target groups

9. **Geographical areas of intervention**. TRADE will continue to cover 11 districts and seven commodities (groundnuts, soybeans, sunflower, Irish potatoes, dairy, beef and honey).

10. **Targeting and target groups.** With additional financing, TRADE is expected to reach some 594,654 households (2.62 million people), 92,920 of which will be direct participants and 501,734 of which will benefit indirectly from access to roads, market infrastructure and employment opportunities. TRADE will continue to focus on rural households with the potential to improve their participation in the commercialization of selected commodities and to graduate from poverty. The TRADE target will be at least 55 per cent women and 50 per cent youth. TRADE’s targeting strategy focuses on nutritionally vulnerable people.

C. Components, outcomes and activities

11. The TRADE components remain unchanged. The programme has three components:

(i) **Component 1 – sustainable producer-private partnerships**. The objective is to support smallholder farmers organized in producers’ organizations/groups to improve their productivity and market linkages, in partnerships with small and medium-sized enterprises, in the form of public-private-producer partnerships (4Ps) or similar partnerships.

(ii) **Component 2 – enabling environment for smallholder commercialization**. The objective is to improve the enabling environment for commercial agriculture, including policies, regulatory framework and infrastructure development.

(iii) **Component 3 – institutional support, programme management and coordination**. The aim is to strengthen the capacity of smallholder farmers to participate in commercial relationships, by developing an ecosystem of services, creating inclusive and equitable arrangements.

D. Costs, benefits and financing

Programme costs

12. With the additional financing, total programme costs, including contingencies, duties and taxes, will increase from US$125.4 million to US$155.1 million. The proposed additional financing comprises US$27.9 million from IFAD and US$1.9 million in additional Government counterpart financing, primarily to cover taxes and duties. Overall, IFAD's contribution to TRADE will increase to US$97.9 million, representing 63 per cent of total project financing, comprising the original loan (US$51.1 million), the original grant (US$18.9 million) and the additional financing. The Government of Malawi will contribute US$17.2 million (11 per cent), while the loan from the OPEC Fund will account for US$20.0 million (13 per cent). Private sector and participant contributions will represent 8 per cent and 5 per cent of total financing, respectively.

13. Programme subcomponent 1.2 is partially counted as climate finance. As per the multilateral development banks' methodologies for tracking climate change adaptation and mitigation finance, the total amount of IFAD climate finance for this project is estimated at US$14.8 million.

Table 1
Original and additional financing summary
(Thousands of United States dollars)

	*Original financing**	*Additional financing*	*Total*
IFAD loan	51 108	-	51 108
IFAD grant	18 903	27 851	46 754
OPEC Fund	20 013	-	20 013
Participants	8 341	-	8 341
Borrower/recipient	15 329	1 894	17 223
Private sector	11 665	-	11 665
Total	**125 359**	**29 745**	**155 104**

* See table 1 in document EB 2019/128/R.25/Rev.1 for a detailed breakdown.

Table 2
Additional financing: programme costs by component (and subcomponent) and financier
(Thousands of United States dollars) – Based on revised cost tables

	Additional					
	Additional IFAD grant		*Borrower/recipient*			*Total*
Component/subcomponent	*Amount*	*%*	*Cash*	*In kind*	*%*	*Amount*
2. Enabling environment for smallholder commercialization						
2.1 Enabling environment for commercial agriculture	974	3		57	3	1 031
2.2 Enabling infrastructure	26 418	95		1 837	97	28 255
3. Institutional support, programme management and coordination						
3.1 Capacity-building and value chain governance						
3.2 Programme management and knowledge management	459	2				459
Total	**27 851**	**100**		**1 894**	**100**	**29 745**

Table 3
Additional financing: programme costs by expenditure category and financier
(Thousands of United States dollars)

	Additional IFAD grant		*Borrower/recipient*		*Total*
Expenditure category	*Amount*	*%*	*Cash*	*%*	*Amount*
Investment costs					
1. Works	26 418	95	1 837	97	28 255
2. Consultancies	974	3	57	3	1 031
Total investment costs	27 392		1 894		29 286
Recurrent costs					
3. Operating costs	459	2			459
Total recurrent costs	459		0		459
Total	**27 851**	**100**	**1 894**	**100**	**29 745**

14. Project financing is concentrated in works (95.0 per cent), followed by consultancies (3.5 per cent) and operating costs (1.5 per cent), highlighting the project's heavy focus on capital investments.

Table 4
Additional financing: programme costs by component and project year (PY)
(Thousands of United States dollars)

	PY7		*PY8*		*Total*
Component/subcomponent	*Amount*	*%*	*Amount*	*%*	*Amount*
2. Enabling environment for smallholder commercialization					
2.1 Enabling environment for commercial agriculture	647	6	384	2	1 031
2.2 Enabling infrastructure	9 711	92	18 544	97	28 255
3. Institutional support, programme management and coordination					
3.1 Capacity-building and value chain governance					
3.2 Programme management and knowledge management	228	2	231	1	459
Total	**10 586**	**100**	**19 159**	**100**	**29 745**

15. Project expenditures are heavily concentrated in component 2.2 – enabling infrastructure (94.9 per cent), followed by component 2.1 – enabling environment for commercial agriculture (3.5 per cent) and component 3.2 – programme management and knowledge management (1.6 per cent), reflecting a strong emphasis on infrastructure development.

Financing and cofinancing strategy and plan

16. The financing structure following the additional financing will comprise US$97.9 million from IFAD, representing 63 per cent of total programme financing, US$17.2 million from the Government of Malawi, representing 11 per cent, and US$20.0 million from the OPEC Fund, representing 13 per cent. Private sector and participant contributions will account for the remaining share of programme financing. The additional financing will be provided entirely through an IFAD DSF grant, with additional Government counterpart financing of US$1.9 million, primarily covering taxes and duties.

Disbursement

17. The disbursement arrangements will be updated to include the opening of a designated account in United States dollars and Malawian kwacha (MWK) drawdown and operational accounts subject to credit ceiling authority arrangements. IFAD financing shall be disbursed against duly certified withdrawal applications in accordance with the IFAD disbursement procedure.

18. Counterpart funding through annual budgetary allocations will be released in a timely manner to finance the Government's portion of expenditure in cash and in respect to taxes and duties.

Summary of benefits and economic analysis

19. With the additional financing, the cost per participant household is estimated at US$261, compared to US$418 per household at the MTR. This reduction reflects the higher number of participants reached through investments in market infrastructure and the wider spillover benefits associated with improved market access and connectivity. Financial analyses performed for the supported interventions confirm their viability and profitability for participating participants. All representative models generated positive net present values over a 20-year period at a financial discount rate of 25.1 per cent, while benefit-cost ratios exceeded 1, indicating that the expected benefits outweigh the costs incurred by smallholder farmers.

20. An economic analysis was performed to assess the overall impact of the programme on the Malawian economy. The economic internal rate of return (EIRR) is estimated at 29.5 per cent, reflecting the economic benefits associated with completing the original infrastructure portfolio and financing additional rural access roads that improve commercialization outcomes. The analysis generated a positive economic net present value (ENPV) of MWK 65.67 billion (equivalent to US$39.76 million). As the ENPV is positive and the EIRR exceeds the social discount rate, the programme remains economically viable and represents a sound investment. Sensitivity analysis indicates that the programme is resilient to plausible variations in costs and benefits and that the initial implementation delays do not materially affect expected returns, provided the additional financing is secured to complete the critical infrastructure investments.

Exit strategy and sustainability

21. TRADE's exit strategy is embedded in its original design and focuses on strengthening market systems, institutions and partnerships that will continue beyond programme completion. Sustainability will be driven through commercially viable producer-private sector partnerships, district commodity platforms and strengthened institutional capacity at the national and district levels. Investments in rural and agricultural infrastructure, including roads, warehouses and rural markets, will provide durable public assets that lower transaction costs, improve market access and continue to support commercialization long after project closure. Together with climate resilience measures and an enabling policy environment, these interventions provide a strong foundation for sustaining programme benefits and safeguarding investments over the long term.

III. Risk management

A. Risks and mitigation measures

Table 5

Risk category	*Inherent risk*	*Residual risk*
Country context	Moderate	Low
Macroeconomic	Substantial	Moderate
Environment and climate context	Substantial	Moderate
Programme scope	Moderate	Low
Institutional capacity for implementation and sustainability	Substantial	Moderate
Monitoring and evaluation arrangements	Moderate	Low
Project financial management	Substantial	Substantial
Project procurement	Substantial	Substantial
Environment, social and climate impact	Moderate	Low
Stakeholders	Substantial	Moderate
Overall programme risk	**Substantial**	**Moderate**

B. Environment and social category

22. TRADE remains fully compliant with applicable Social, Environmental and Climate Assessment Procedures (SECAP) requirements, with no revisions to the current safeguard framework envisaged under the proposed additional financing. The additional financing reinforces ongoing interventions within the original programme scope and districts and does not introduce new activities or types of investment that would alter the project's environmental, social and climate risk profile or trigger application of the 2021 SECAP requirements. The existing Environmental, Social and Climate Management Framework, together with site-specific Environmental and Social Impact Assessments and Environmental and Social Management Plans (ESMPs), where required, remains fit for purpose. The proposed rehabilitation of an additional 250 km of rural access roads involves works of the same type and scale as those already appraised under TRADE and does not entail new alignments, significant land acquisition or resettlement. Consequently, the original SECAP categorization remains unchanged, with site-specific ESMPs to be prepared for each road lot prior to the commencement of works.

C. Climate risk classification

23. TRADE's **"substantial" climate risk category remains unchanged** under the proposed additional financing. Malawi remains highly vulnerable to rising temperatures, erratic rainfall, prolonged dry spells and extreme weather events that threaten agricultural productivity and rural infrastructure. The existing SECAP review and climate risk analysis remain valid, and the current safeguard arrangements will continue to guide implementation. Climate-resilient infrastructure design and environmental monitoring will be maintained to safeguard programme investments and outcomes.

IV. Implementation

A. Compliance with IFAD policies

24. The additional financing will be implemented through TRADE's existing institutional arrangements, which remain relevant and continue to operate in full compliance with IFAD policies, guidelines and procedures.

B. Organizational framework

Management and coordination

25. The original implementation arrangements remain relevant and unchanged under the additional financing. The Ministry of Local Government and Rural Development will continue as the lead executing agency, providing oversight through the multi-stakeholder programme steering committee. Day-to-day implementation and coordination will remain the responsibility of the programme management unit (PMU), led by the national programme coordinator, with delegated authority for financial management, procurement and technical supervision. District councils will continue to play a key role in implementation to ensure local ownership and the sustainability of programme investments.

Financial management, procurement and governance

26. The original financial management, procurement and governance arrangements remain relevant and fit for purpose under the additional financing. The Ministry of Local Government and Rural Development, supported by the PMU, will continue to oversee implementation using established IFAD-compliant systems and procedures. Programme activities will be implemented through approved annual workplan and budgets (AWPBs), with robust internal controls, digital accounting and regular financial reporting. Internal and external audits will continue to provide assurance on the use of programme resources. Procurement will follow Government procedures consistent with IFAD requirements, supported by dedicated procurement expertise and strengthened contract management arrangements to ensure timely and efficient delivery of infrastructure investments.

27. **Designated account and funds flow.** A new designated account will be opened for the additional financing. The additional financing proceeds will be channelled through the new designated account at the Reserve Bank of Malawi, with the authorized ceiling to accommodate the additional financing allocation.

28. **Accounting and reporting.** Accounts will continue to be maintained on a cash basis using the Sage accounting system. To prevent commingling of financing instruments, the PMU will configure dedicated fund codes and cost centres in the accounting software (Sage) for the additional financing prior to the first withdrawal and will submit separate withdrawal applications by instrument. Interim financial reports will present expenditures separately by financing source.

29. **Budgeting.** The AWPB will be revised to incorporate the activities funded under the additional financing. This will also facilitate the preparation of quarterly cashflow forecasts. The project steering committee will continue to approve AWPBs and programme reports and offer overall policy and strategic guidance at the national level.

30. **Audit.** Annual external audits will continue in accordance with section 9.03 of the General Conditions, with the scope extended to cover additional financing expenditures from the first year of additional financing implementation.

C. Monitoring and evaluation (M&E), learning, knowledge management and strategic communication

31. The original planning, M&E, learning and communication arrangements remain relevant and fit for purpose under the additional financing. Programme implementation will continue to be guided by results-based AWPBs aligned with Government planning cycles and developed through participatory processes involving district councils and participant groups. The PMU will maintain responsibility for M&E through the existing results framework and management information system, enabling timely performance tracking, decision-making and corrective action. Regular reporting, including disaggregation by sex and age, will continue to inform implementation, learning and accountability, while the

management information system will be updated as necessary to capture additional infrastructure investments and their commercialization outcomes.

D. Proposed amendments to the financing agreement

32. The original financing agreement will be amended to incorporate the proposed additional financing of US$27.9 million under IFAD13, bringing total programme costs to approximately US$155.1 million, including price and physical contingencies, duties and taxes. The financing for the additional financing will be provided as a DSF grant, replacing the highly concessional financing terms applicable to the original financing, in line with Malawi's performance-based allocation system under IFAD13. The amendment will also reflect the extension of the programme completion and closing dates to 30 September 2030 and 31 March 2031, respectively.

V. Legal instruments and authority

33. A financing agreement between the Republic of Malawi and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. The signed financing agreement will be amended following approval of the additional financing.

34. The Republic of Malawi is empowered under its laws to receive financing from IFAD.

35. I am satisfied that the proposed additional financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

36. I recommend that the Executive Board approve additional financing in terms of the following resolution:

> RESOLVED: that the Fund shall provide a Debt Sustainability Framework grant to the Republic of Malawi in an amount of twenty-seven million eight hundred fifty-one thousand United States dollars (US$27,851,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Lario Alvaro
President

Updated logical framework incorporating the additional financing

Results Hierarchy	*Indicators*				*Means of Verification*			*Assumptions*
	Name	*Baseline*	*Mid-Term*	*End Target*	*Source*	*Frequency*	*Responsibility*	
Outreach	**1 Persons reached by project-supported activities**				Project records		PMU	Economic and political stability
	Males – Males	0	107038	267594				
	Females – Females	0	130824	327060				
	Young - Young people	0	118931	297327				
	Total number of persons receiving services - Number of people	0	237862	594654				
	Male - Percentage (%)	0	23	45				
	Female - Percentage (%)	0	28	55				
	Young - Percentage (%)	0	25	50				
	1.a Correspondin0g number of households reached				Project records, National statistics (for data on average household size)		PMU	
	Women-headed households - Households	0	47572	118931				
	Non-women-headed households - Households	0	190289	475723				
	Households - Households	0	237862	594654				
	1.b Estimated corresponding total number of households members				Project records, National statistics (for data on average household size)		PMU	
	Household members - Number of people	0	1046591	2616478				
Project Goal Improved sustainable livelihoods of rural people in Malawi								Economic and political stability, Partnership created will continues after programme closure
Development Objective Increased value chain commercialisation and resilience of rural poor and smallholder producers	**Average increase in production of targeted commodities**				Baseline, mid & end line survey		PMU	
	Increase - Percentage (%)	0	48	96.57				
	Smallholder producers income level increase				Baseline, mid & end line survey		PMU	
	Increase - Percentage (%)	0	40	79.88				
	IE.2.1 Individuals demonstrating an improvement in empowerment				COI survey		outsourced	
	Total persons - Percentage (%)		13	25				
	Total persons - Number of people		74332	148664				
	Females - Percentage (%)		13	25				
	Females - Females		40883	81765				
	Males - Percentage (%)		13	25				
	Males - Males		33450	66899				
Outcome 1. Smallholder producers increased access to market	**Number of small holder producers with improved access to markets**				Outcome surveys		PMU	Availability and interest of service providers with experience in VC and
	Females - Number	0	19878	39756				
	Young - Number	0	18071	36142				

Results Hierarchy	*Indicators*				*Means of Verification*			*Assumptions*
	Name	*Baseline*	*Mid-Term*	*End Target*	*Source*	*Frequency*	*Responsibility*	
	No. small holders producers - Number	0	36142	72283				facilitating market linkages; Sufficient demand of the products for the selected VCs
	1.2.8 Women reporting minimum dietary diversity (MDDW)							
	Women (%) - Percentage (%)		25	50				
	Women (number) - Females		18071	36142				
	Households (%) - Percentage (%)		25	50				
	Households (number) - Households		18071	36142				
	Household members - Number of people		79513	159025				
	SF.2.1 Households satisfied with project-supported services				COI survey		Outsourced	
	Household members - Number of people	0	161568	323136				
	Households - Percentage (%)	0	40	80				
	Households - Households	0	36720	73440				
Output 1.1 Win-win partnerships between smallholder producers and public and private entities supported	**Number of formal partnerships/agreements or contracts with public or private entities**				Data from service providers/ Project records		PMU	Agribusinesses are willing to engage with smallholder farmers
	No. of agreements - Number	0	25	50				
	1.1.8 Persons provided with targeted support to improve their nutrition				Progress reports		PMU	
	Total persons participating - Number of people	0	36024	72047				
	Males - Males	0	16211	32421				
	Females - Females	0	19813	39626				
	Households - Households	0	36024	72047				
	Household members benefitted - Number of people	0	158504	317008				
	Young - Young people	0	18012	36024				
Output 1.2 Strengthened business skills of smallholder producers to engage in commercial agriculture	**2.1.2 Persons trained in income-generating activities or business management**				Data from service providers/ Project records		PMU	Smallholder farmers willingness to allocate time for training; Existence of FBOs
	Males - Males	0	20655	41310				
	Females - Females	0	25245	50490				
	Young - Young people	0	22950	45900				
	Persons trained in IGAs or BM (total) - Number of people	0	45900	91800				
Output 1.3 Strengthened FBOs skills for collective services and market linkages	**2.1.3 Rural producers' organizations supported**				Data from service providers/ Project records		PMU	
	Rural POs supported - Organizations	171	291	582				
Output 1.4 Smallholder producers' and FBOs access to financial services increased	**Number of people and FBOs linked/accessing financial services though FARMSE**				Data from FARMSE		PMU and FARMSE PMU	Rural financial services access and usage improved through ACIF
	People - Number	0	31000	62000				
	FBOs - Percentage (%)	0	13	25				
Outcome	**1.2.4 Households reporting an increase in production**						PMU	

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
2. Smallholder producers' increased productivity and product quality	Households - Households	0	31150	62300	Data from service providers/ Project records			Smallholder farmers willingness to adopt technologies
Output 2.1 Strengthened production skills of smallholder producers to engage in commercial agriculture	**1.1.4 Persons trained in production practices and/or technologies**				Data from service providers/ Project records		PMU	
	Men trained in crop - Males	0	10013	20025				
	Women trained in crop - Females	0	12238	24475				
	Young people trained in crop - Young people	0	11125	22250				
	Men trained in livestock - Males	0	10013	20025				
	Women trained in livestock - Females	0	12238	24475				
	Young people trained in livestock - Young people	0	11125	22250				
	Total persons trained in crop - Number of people	0	22250	44500				
	Total persons trained in livestock - Number of people	0	22250	44500				
Outcome 4. Smallholder producers' adoption of climate smart agriculture enhanced	**3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices**				Outcome surveys		PMU	Programme is able to mainstream commercial Climate change resilience technologies, in part based on SAPP and PRIDE experiences
	Households - Percentage (%)		35	70				
Output 4.1 Increased knowledge and access to CSA technologies/practices	**3.1.1 Groups supported to sustainably manage natural resources and climate-related risks**				Project Data from service providers/ Project records		PMU	
	Total size of groups - Number of people	0	45900	91800				
	Groups supported - Groups	0	1807	3614				
	Males - Males	0	20655	41310				
	Females - Females	0	25245	50490				
	Young - Young people	0	22950	45900				
Outcome 5. Enabling environment improved for commercialisation of smallholder agriculture	**Percentage of small holders producers reporting improved access to markets, processing and storage**							
	Households - Percentage (%)	0	38	75				
	Percentage of SMEs reporting improved business environment				Thematic study		PMU	
	SMEs - Percentage (%)	0	0					
	SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers				COI survey		PMU/Outsourced	
	Household members - Number of people	0	161040	322080				
	Households - Percentage (%)	0	40	80				
	Households - Households	0	36600	73200				
Output 5.1 Increased policy Influencing capacity and	**Policy 2 Functioning multi-stakeholder platforms supported**				Project records/Routine M&E activities		PMU	
	Number - Platforms	3	2	4				

Results Hierarchy	*Indicators*				*Means of Verification*			*Assumptions*
	Name	*Baseline*	*Mid-Term*	*End Target*	*Source*	*Frequency*	*Responsibility*	
formal business arrangements								
Output 5.2 Infrastructure to support VCs development build/rehabilitated	**2.1.6 Market, processing or storage facilities constructed or rehabilitated**				Project records/Routine M&E activities		PMU	Delivery mechanisms available to ensure capacity of GoM to construct 1000 km of roads and the infrastructure
	Total number of facilities - Facilities	0	28	72				
	Storage facilities constructed/rehabilitated - Facilities	0	34	72				
	2.1.5 Roads constructed, rehabilitated or upgraded				Project records		PMU	
	Length of roads - Km	0	400	1250				
Outcome 6. Institutional performance and knowledge management is improved	**Percentage of government officials and staff reporting increased ability in knowledge on VC development**				Project records/Routine M&E activities		PMU	Local government and support organisations' commitment to sustain value chain development
	Government officials and staff - Percentage (%)	0	150	300				
Output 6.1 Strengthened institutional capacity and knowledge mgt. for VC development	**Number of government officials and staff trained in value chain development**				Project records/Routine M&E activities		PMU	
	No. of staff - Number	0	200	400				

Updated summary of the economic and financial analysis

Table A
Financial cash flow models

FINANCIAL ANALYSIS	PRODUCTION									
	Models incremental income (MKW)							Infrastructure		
	Irish Potatoes	Beef	Dairy	Honey	Groundnuts	Soya beans	Sunflower	Markets	Warehouses	Roads
PY1	0	186,667	128,100	13,333	292,000	853,333	21,333	-5,383,556,184	-1,069,433,162	-1,851,650,909
PY2	105,000	1,531,333	256,200	464,167	308,000	906,667	42,667	1,456,763,187	470,166,838	-2,553,753,626
PY3	210,000	1,799,200	384,300	477,500	324,000	960,000	64,000	1,467,654,987	524,166,838	-12,135,501,139
PY4	315,000	1,880,400	384,300	477,500	324,000	960,000	64,000	1,467,654,987	524,166,838	-1,649,930,239
PY5	420,000	1,961,600	384,300	40,000	324,000	960,000	64,000	1,467,654,987	524,166,838	11,080,236,158
PY6	420,000	1,961,600	384,300	477,500	324,000	960,000	64,000	1,467,654,987	524,166,838	34,137,362,726
PY7	420,000	1,961,600	384,300	477,500	324,000	960,000	64,000	1,467,654,987	524,166,838	34,427,088,425
PY8	420,000	1,961,600	384,300	477,500	324,000	960,000	64,000	1,467,654,987	524,166,838	42,256,216,774
PY9	420,000	1,961,600	384,300	477,500	324,000	960,000	64,000	1,467,654,987	524,166,838	42,256,216,774
PY10 - PY 20	420,000	1,961,600	384,300	477,500	324,000	960,000	64,000	1,467,654,987	524,166,838	42,256,216,774
NPV (MWK)	962,413	5,916,622	1,227,055	1,291,686	1,240,387	3,661,961	204,349	297,339,378	756,253,800	42,916,481,084
NPV (USD)	555.1	3,412.8	707.8	745.1	715.5	2,112.3	117.9	171,508.6	436,215.5	24,754,700.2
B/C Ratio	1.0	1.3	1.2	2.0	1.2	1.2	1.6	1.0	1.6	2.0

Table B
Programme costs and logframe targets

PROJECT COSTS AND INDICATORS FOR LOGFRAME					
TOTAL PROJECT COSTS (US$ '000)		**155,103**			
Beneficiaries	**2,616,478** people	4.4	Households	594,654	
Cost per beneficiary	**59** USD x person		**261** US$ x HH	**Adoption rates**	**0%**
Components and Cost (US$ '000)					
			Sustainable Producer-Private Partnerships	40,846	26.3%
			Enabling Environment for Smallholder Commercialization	95,705	61.7%
			Institutional Support and Programme Management and Coordination	18,308	11.8%

Table C
Main assumptions and shadow prices

	MAIN ASSUMPTIONS & SHADOW PRICES[1]					
FINANCIAL		**Output**	Price (in MKW)		**Input Prices**	Price (in MKW
	Irish potatoes	15,000	Irish potato/kg	1,600	Irish potato seed/kg	3,500
	Beef	1,200	Live animal/kg	10,000	Feed/kg	720,000
	Dairy	3,660	Milk/ltr	400	Concentrates/kg	43,200
	Honey	400	de Honey (0.5	1,900	Top bar hive/unit	185,000
	Groundnuts	1,200	Groundnuts/kg	2,300	Groundut seeds/kg	3,000
	Soya beans	2,000	Soya beans	1,000	Soya bean seeds/kg	3,200
	Sunflower	1,600	Sunflower	800	Sunflowerseed/kg	1,800
ECONOMIC	Official Exchange rate (OER)			1733.67	Discount rate (opportunity cost of capit	15.0%
	Shadow Exchange rate (SER)			1651.67	Social Discount rate	15.0%
	Standard Conversion Factor			0.95	Output conversion factor	0.95
	Labour Conversion factor			0.94	Input Conversion factor	0.94

[1] All prices expressed in Local Currency (MWK).

Table D
Beneficiary adoption rates and phasing

BENEFICIARIES, ADOPTION RATES AND PHASING	2021	2022	2023	2024	2025	2026	2027	2028	Total	Adoption rate
Irish Pota	-	-	-	5,219	9,589	2,096	-	-	16,904	89.5%
Adjusted (a	-	-	-	4,671	8,582	1,875	-	-	11,833	
Beef	-	-	-	6,407	11,771	2,572	-	-	20,750	89.5%
Adjusted (a	-	-	-	5,734	10,535	2,302	-	-	18,571	
Dairy	-	-	-	6,251	11,484	2,510	-	-	20,244	89.5%
Adjusted (a	-	-	-	5,594	10,278	2,246	-	-	18,118	
Honey	-	-	-	2,125	3,904	853	-	-	6,883	89.5%
Adjusted (a	-	-	-	1,902	3,494	764	-	-	6,160	
Groundnu	-	-	-	3,438	6,316	1,380	-	-	11,134	89.5%
Adjusted (a	-	-	-	3,077	5,653	1,235	-	-	9,965	
Soya bea	-	-	-	3,750	6,890	1,506	-	-	12,146	89.5%
Adjusted (a	-	-	-	3,357	6,167	1,348	-	-	10,871	
Sunflowe	-	-	-	1,500	2,756	602	-	-	4,859	89.5%
Adjusted (a	-	-	-	1,343	2,467	539	-	-	4,348	
Warehous	-	-	-	-	8,530	13,237	8,450	13,652	43,868	90.0%
Adjusted (a	-	-	-	-	7,677	11,913	5,915	9,556	35,061	70.0%
Markets	-	-	-	-	26,237	40,713	25,989	41,989	134,927	90.0%
Adjusted (a	-	-	-	-	23,613	36,642	18,192	29,392	107,839	70.0%
Roads	-	-	-	-	62,795	97,443	62,202	100,498	322,938	90.0%
Adjusted (a	-	-	-	-	56,516	87,699	43,542	70,348	258,105	70.0%
Nr of Targeted HH									**594,654**	
Adopting HH									**480,872**	

Table E
Economic cash flow

ECONOMIC ANALYSIS	NET INCREMENTAL BENEFITS (MWK '000)												Net Incremental costs	Cash Flow
		Irish Potatoes	Beef	Dairy	Honey	Groundnuts	Soya beans	Sunflower	Roads	Warehouses	Markets	Total Benefits		
	PY1	0	0	0	0	0	0	0	0	0	0	*0*	2,477,455	**-2,477,455**
	PY2	0	0	0	0	0	0	0	0	0	0	*0*	2,162,170	**-2,162,170**
	PY3	0	0	0	0	0	0	0	0	0	0	*0*	4,538,490	**-4,538,490**
	PY4	0	0	0	0	0	-	0	0	0	0	*0*	8,249,059	**-8,249,059**
	PY5	0	0	0	0	0	-	0	0	0	0	*0*	8,421,705	**-8,421,705**
	PY6	0	1,228,269	274,114	9,701	343,659	122,869	24,554	-653,368	-17,511,057	-11,018,893	*-27,180,153*	7,835,970	**-35,016,124**
	PY7	187,548	3,900,787	548,227	337,703	362,489	194,743	36,054	-3,432,855	-1,093,153	-2,550,572	*-1,509,028*	1,610,512	**-3,119,540**
	PY8	375,095	3,900,787	822,341	347,403	381,320	266,618	47,554	-2,510,950	-1,756,447	-4,437,250	*-2,563,528*	1,397,007	**-3,960,536**
	PY9	562,643	3,900,787	822,341	347,403	381,320	266,618	47,554	104,362	19,136,781	6,930,766	*32,500,574*	1,030,453	**31,470,121**
	P10..PY20	750,191	3,900,787	822,341	29,102	381,320	266,618	47,554	9,814,771	19,854,020	6,948,849	*42,815,553*	1,030,453	**41,785,100**

NPV@ 15% ('000 MWK)	**54,201,548**
NPV@ 15% ('000 USD)	**32,816**
EIRR	**29.5%**

Table F
Sensitivity analysis

SENSITIVITY ANALYSIS (SA)				
	Δ%	**Link with the risk matrix**	**IRR**	**NPV (MWK)**
Base scenario			29.5%	121,809,751,800
Project benefits	-10%	Combination of risks affecting output prices, yields and adoption rates	28.3%	106,858,733,404
Project benefits	-20%		27.0%	91,907,715,008
Project benefits	-50%		21.5%	47,054,659,821
Project costs	10%	Increase of labour costs and input non labour costs (i.e. feed formulation)	28.4%	119,039,708,584
Project costs	20%		27.4%	116,269,665,368
Project costs	50%		24.8%	107,959,535,721
1 year lag in ben.		Risks affecting adoption rates and low	26.5%	100,334,358,272
2 years lag in ben.			23.7%	80,738,860,274