



Government of Malawi



G8 New Alliance for Food Security and Nutrition

- Malawi -

2014 Annual Progress Report

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Acronyms

| | |
|----------|----------------------------------------------------------|
| ASWAp | Agriculture Sector Wide Approach |
| BERL | Bio Energy Resources Limited |
| CAADP | Comprehensive African Agriculture Development Program |
| CASS | Community Savings and Investment Club |
| CISANET | Civil Society Agricultural Network |
| COMESA | Common Market for Eastern and Southern Africa |
| DCAFS | Donor Committee on Agriculture and Food Security |
| DfID | Department for International Development |
| EUD | European Union Delegation |
| FAO | Food and Agriculture Organization |
| FISP | Farm Input Subsidy Program |
| G8NA | G8 New Alliance for Food Security and Nutrition |
| GDP | Gross Domestic Product |
| GoM | Government of Malawi |
| HLTF | High Level Task Force |
| IFPRI | International Food Policy Research Institute |
| JICA | Japan International Cooperation Agency |
| JSR | Joint Sector Review |
| LUANAR | Lilongwe University of Agriculture and Natural Resources |
| M&E | Monitoring and Evaluation |
| MCCCI | Malawi Confederation of Chambers of Commerce and |
| MDTF | Multi Donor Trust Fund |
| MGDS | Malawi Growth and Development Strategy |
| MITC | Malawi Investment and Trade Centre |
| MoAI | Ministry of Agriculture and Irrigation |
| MoFED | Ministry of Finance and Economic Development |
| MoIT | Ministry of Industry and Trade |
| MoU | Memorandum of Understanding |
| MoWD | Ministry of Water Development |
| MoLGRD | Ministry of Local Government and Rural Development |
| NAIP | National Agricultural Investment Plan |
| NAP | National Agriculture Policy |
| NASFAM | National Smallholder's Farmers Association of Malawi |
| NEPAD | New Partnership for Africa's Development |
| NES | National Export Strategy |
| OPC | Office of the President and Cabinet |
| PPD | Public Private Dialogue |
| PS | Principal Secretary |
| SADC | Southern Africa Development Community |
| SME | Small and Medium Enterprises |
| SSU | Seeds Surveillance Unit |
| STAM | Seed Trade Association of Malawi |
| SUN | Scaling Up Nutrition |
| SWG | Sector Working Group |
| TIP Swap | Trade and Industry Sector Wide Approach Program |
| TWG | Technical Working Group |
| USAID | US Agency for International Development |

1. Report Summary

This report presents a comprehensive overview of the progress and challenges on the G8 New Alliance for Food Security and Nutrition (G8NA) in Malawi. The Government of Malawi (GoM), private sector, development partners and civil society committed to working together to generate greater private sector investment in agricultural development; to scale innovation; to achieve sustainable food security and to reduce poverty and hunger. This report outlines Malawi's progress towards these objectives, as established in the Country Cooperation Framework and Monitoring Matrix, which were finalized in 2013. It further evaluates the policy and institutional environment within which the G8NA commitments are being implemented, and looks at the roles played and challenges faced by the government, private sector, development partners and civil society.

The next chapter of this report provides a brief background to the G8NA in Malawi. This is followed by an analysis of key indicators for growth, agriculture, poverty and nutrition, in Chapter 3. Chapter 4 examines the policy and institutional frameworks under which the G8NA is being implemented in Malawi. Chapter 5 reviews the progress against mutual commitments made by the government, private sector and development partners. A report by civil society is included in Chapter 6, focussing on the G8NA enabling environment, responsible investment and growth. The final chapter, Chapter 7, is a profile of Malawi Mangoes, one of the private sector companies supporting the G8NA in Malawi with inclusive investments in Malawi's agricultural sector. The five annexes include the minutes of G8NA meetings, provide more detail on the progress made against policy commitments by government and private, and include a summary table of core indicators.

As well as the recent Joint Sector Review of the Agriculture Sector Wide Approach (ASWAp) and Grow Africa's 2nd annual report into private sector investment in agriculture in Africa, this report is based on widespread consultation with key G8NA stakeholders from private sector, civil society, development partners and government ministries and institutions.

2. Introduction

The G8NA was launched internationally in 2012, with the stated aim of lifting 50 million people out of poverty over 10 years, initially in 6 African countries: Ethiopia, Tanzania, Mozambique, Burkina Faso, Ghana and Ivory Coast. In February 2013, Malawi requested to become a member of the New Alliance and was accepted in June, alongside Benin and Nigeria. In December 2013, the G8NA in Malawi was officially launched by the honourable Minister of Agriculture and Food Security in the capital, Lilongwe.

The G8NA is based on the principles of the Comprehensive African Agriculture Development Program (CAADP) and the concept of country ownership and leadership in the development and implementation of country agriculture strategies. It builds on work that Malawi has already done to develop their CAADP Business Plan, known as the Agriculture Sector Wide Approach (ASWAp). In Malawi, the New Alliance also incorporates the main recommendations from the Malawi National Export Strategy (NES) that are related to agricultural investment, and is jointly implemented through the already-established ASWAp and the Trade, Industry and Private Sector Development Sector Wide Approach (TIP SWAp).

The Country Cooperation Framework and Monitoring Matrix are the overarching documents setting the direction of the G8NA in Malawi. The Country Cooperation Framework includes development partner and private sector investment commitments to agriculture and food security, as well as the GoM's policy commitments. This tri-party arrangement aims to promote stronger coordination and mutual accountability of different stakeholders in the agriculture sector. Policy commitments in Malawi focus on four main areas to ensure a strong enabling environment for agriculture and food security investments:

1. competitive environment with consistent and coherent policies;
2. access to land, water, farm inputs and basic infrastructure;
3. re-organisation of extension services, promotion of agri-business and cooperative programmes; and
4. Addressing malnutrition.

In addition to this, in a Public Private Dialogue session held immediately after the official launch, high level delegates from government, private sector, civil society and development community discussed how they could fast track the achievement of the G8NA objective. They agreed to prioritise commitments that fall under the following areas:

1. access to land and water;
2. access to finance; and
3. Seed sector reform.

The G8NA in Malawi is part of a broader framework of policy commitments and national goals:

- CAADP recommends that 10% of the national budget be allocated to the agricultural sector, and that countries aim for at least 6% agricultural growth.
- Government is committed to promoting long-term economic growth and development to reduce poverty and achieve food and nutrition security, ensuring efficiency and effectiveness in utilization of public expenditure.
- Development partners are committed to CAADP principles and ASWAp objectives, established in the CAADP Business Compact and ASWAp Investment Framework

- The Development Cooperation Strategy includes covers a spectrum of macroeconomic issues, including agriculture's role in the economy. Regular meetings are attended by government and development partners.
- The G8 NA in Malawi is also aligned to the Scaling Up Nutrition programme, whose main function is to mobilise resources and support for the implementation of nutrition interventions to be in line with the country's National Nutrition Policy and Strategic Plan, monitor progress and evaluate impact.
- Private sector, civil society and agricultural unions are committed to work effectively in partnership with government and the people of Malawi in implementing the G8NA commitments.
- The G8NA Core Team and High Level Task Force work with the existing implementation structures of the ASWAp and TIP Swap to ensure a harmonized approach to agricultural development, food security and nutrition. The nutrition sector is also being integrated into discussions to strengthen the nutrition aspect of the G8NA efforts.

3. Progress on Key Outcomes: Agriculture Sector Performance, Economic Growth, Poverty and Hunger Reduction

Key to the development of the agriculture, are the three priority areas which were agreed between the private sector and government at the December 2013 launch of the G8NA in Malawi, namely:

- Access to land and water;
- Access to finance; and
- Seed sector reform.

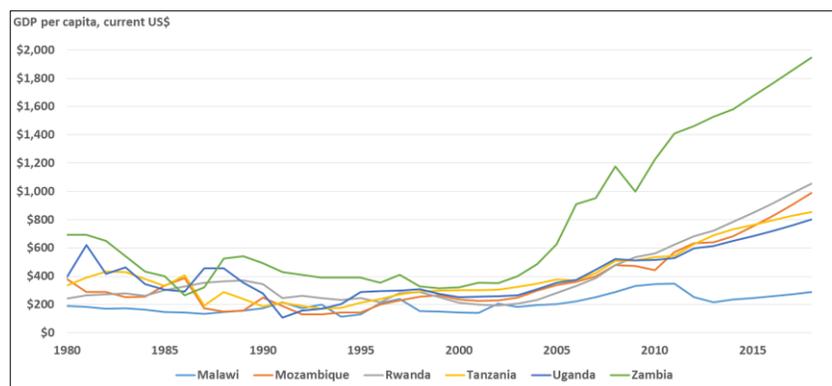
The government's progress in these areas is explained in greater detail in Section 5.1.

Since 2003, government spending on agriculture has increased and, in 2013, the sector received 21% of the national budget, far exceeding the CAADP recommendation of 10%. However, much of this is accounted for by the Farm Input Subsidy Programme, which has been successful in terms of increasing productivity and therefore food security and income.

Agricultural growth remained below the 6% target level since 2003. However, Malawi's economy is heavily reliant on agriculture, in particular tobacco, and therefore it is essential that government focus on economic diversification at the same time as developing the agricultural sector. In particular, the government is working to diversify the agricultural sector, in order to reduce the dependence on a small number of crops and to improve agricultural productivity, given the high demand for land in Malawi. Irrigation initiatives are one clear example of this and the Ministry of Water Development and Irrigation has submitted the final draft of the National Irrigation Policy and Development Strategy to be vetted by the OPC. It is also designing 11 irrigation projects, and has aligned the cropping patterns to the NES priorities.

Malawi's GDP per capita has recently stagnated at below USD 800. This is below the Southern African Development Community (SADC) lower income average of USD 890 per capita and far behind the average of USD4300, as shown by the graph below:

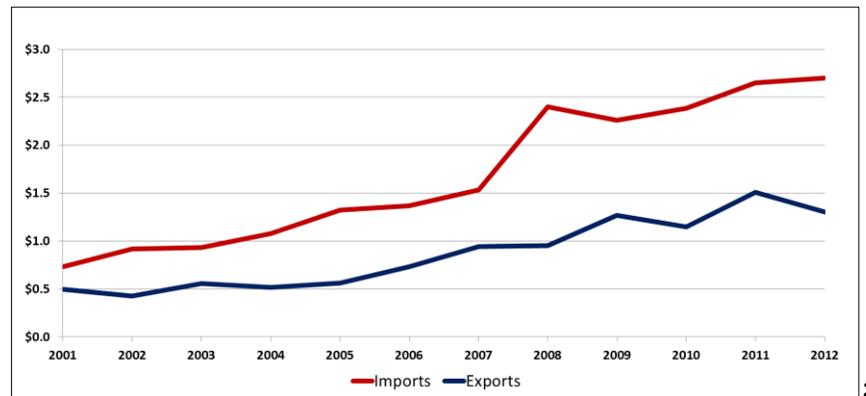
Figure 1: GDP per capital since 1980 in Southern Africa



¹Source: IMF World Economic Outlook. IMF forecasts from most recent data to 2018

Furthermore, Malawi's structural trade deficit, as shown in Figure 2 below, means it is struggling to afford its welfare bill:

Figure 2: Malawi's structural trade deficit



These two graphs highlight the need for increased agricultural investment and improvements in quality to enable Malawian companies to compete in regional and international markets. As well as providing vital foreign exchange earnings, this would improve food security and enable job creation.

Assuming the current GDP growth rates of about 4-5% per annum, and assuming business as usual scenario in the agricultural, mining and service sectors, Malawi would have to wait for at least 40 years before reaching the standards of living enjoyed in an average middle income country in the SADC. The GoM is therefore working hard to overcome these barriers, and the G8NA's objectives of increasing agricultural quality, productivity and growth are keys to this effort.

Food security in Malawi is a critical issue: 13.8% of children less than 5 years are classified as malnourished. The vulnerable population requiring food assistance during the lean season has increased from 1.4 to 1.8 million (of a population of 16.8 million), according to the updated November 2013 assessment conducted by Malawi's Vulnerability Assessment Committee. The main factors contributing to food insecurity include low crop production as a result of earlier dry spells, floods, and input shortages³. Currency fluctuations also impact on the affordability of food supplies and market functioning.

61.6% of the 16.8m population live below USD 1.25 per day. For smallholder farmers, the average cultivable land holding in Malawi is just 0.87ha or barely 0.2ha per capita. Overall, 58 percent of the farmers cultivate on less than 1ha, while 11 percent are nearly landless. Only 13 percent of households cultivate on more than 2ha and the majority of these are in the north, where population density is lower compared with central and southern Malawi. The small size of plots causes deterioration of soil fertility from overuse and has also been shown to be a disincentive to the adoption of productivity-enhancing technologies, which has a negative impact on poverty levels, economic growth and food security.⁴

²Sources: Comtrade Trade Map

³ World Food Programme

⁴Green and Ng'ong'ola, 1993; Zeller et al., 1998; Chirwa, 2003

Finally, population growth could constitute one of the biggest obstacles that Malawi is facing in terms of development: If the fertility rate remains constant, the national population will more than triple by 2040, to 41 million people. This will increase the government's welfare bill and constrain its ability to invest in growth and development, put more pressure on scarce land and water resources, and compound food security and environmental issues. Such a scenario serves to highlight the need for continued support of the G8NA objectives.

4. Policy and Institutional Review

4.1. Policy Review

The Ministry of Agriculture and Irrigation is currently developing the National Agricultural Policy. In the absence of this, the ASWAp has and is still acting as the defacto overarching policy framework for the agricultural sector in Malawi. ASWAp is guided by the ASWAp Investment Framework, which includes targets and indicators for the agricultural sector, as well as resource commitments and gaps. The Investment Plan is aligned to the Malawi Growth and Development Strategy, the CAADP compact and the Development Cooperation Strategy. It also incorporates the principles of international resolutions, including the World Summit on Food Security by the Food and Agriculture Organisation, the Paris Declaration on Aid Effectiveness and Agricultural Trade Policy by the World Trade Organisation.

The Country Cooperation Framework, Monitoring Matrix and Communication Strategy form the basis of the G8 NA and there is an ongoing process of sensitisation of Principal Secretaries and managerial levels of government. Ongoing debates with private sector and donors on institutional responsibilities and solving key bottlenecks take the form of Public Private Dialogues, which enable issues under the TIP SWAp and ASWAP to be debated at a higher level, including with key Ministers.

In addition to the CCF, the TWGs under the ASWAp and TIP SWAp are currently reviewing a number of policies that are crucial to agricultural development and achieving food security. These have been prioritised in the G8 Monitoring Matrix government commitments, and notably include:

- National Irrigation Policy
- National Industrial Policy
- National Trade Policy
- Seed Act
- Contract Farming Strategy
- Nutrition Education and Communication Strategy

The Monitoring Matrix also incorporates regulatory reform associated with the World Bank's Doing Business Index. The G8NA in Malawi encompasses many government ministries and TWGs from at least two SWAPs, which means it is balancing the policy priorities of all of these. Whilst there is still a lot of progress to be made to present a harmonised and complimentary policy and regulatory framework that would constitute an enabling environment for private sector investment, the government is actively pursuing this goal. Both donors and government strive to harmonise their approaches and develop complimentary policies and strategies.

4.2. Institutional Review

The MoAI is the lead ministry of the G8NA in Malawi. The European Union was selected as the lead development partner, and works in close collaboration with the other agriculture sector troika members (USAID-Chair, and UK-DFID). The G8NA Core Team oversees day-to-day implementation of the G8 and is chaired jointly by MoAI and the EU, while the High Level Task Force (HLTF) is co-chaired by the Minister for MoAI and the EU Ambassador and provides high-level policy direction. Both the Core Team and HLTF meet when required and include consistent

and high-level representation from across government, private sector, civil society and development partners.

Key government institutions and Ministries (including the Ministry of Agriculture and Irrigation, Ministry of Industry and Trade, Ministry of Lands and Housing, Ministry of Water Development and Irrigation, the Ministry of Finance, Ministry of finance and Economic Development and the Malawi Investment Trade Centre) also developed their key priorities into a monitoring matrix and the Country Cooperation Framework and are members of the Core Team and HLTF. There is therefore cross-government agreement on the direction of the G8NA, which has been extremely important to maintaining its momentum and ensuring resources can be directed efficiently.

The G8NA is implemented through the already existing ASWAp's TWGs, particularly the Commercial Agriculture TWG, the Sustainable Land and Water TWG, The Technology Generation TWG and the Food Security TWG. It also works through the TIP Swap, notably the Access to Finance and Inputs TWG, which is guided by the National Export Strategy. This approach means the G8NA in Malawi is fully embedded in pre-established structures, to avoid creating a duplication of work. This also strengthens existing structures as new players are incorporated into them. The government intends to streamline initiatives such as Grow Africa and SAADPP into existing implementation structures.

G8NA faces some implementation challenges, such as a lack of baseline data to inform strategic decision making and a lack of human resources to staff projects. Also, coordinating a large number of institutions (governmental and non-governmental) will always present challenges. However, through regular communications and accurate minting of meetings and action points, all parties are informed regularly of progress.

Recent tripartite elections in Malawi have necessarily consumed a lot of government's time over the first half of 2014. However, upon appointment of the new cabinet it is expected that there will be renewed energy for the G8NA process. For this reason, Malawi plans to hold a stakeholder meeting in July 2014, by which time the new government will have settled into day-to-day tasks and will be well-positioned to use this report as a starting point from which to take over the implementation of the G8NA commitments from its predecessors. It will also be an invaluable opportunity to review the prioritisation of the policy commitments and, if necessary, change and add new commitments.

5. Review of Mutual Commitments

5.1. Government Commitments

The GoM joined the G8NA partnership in June 2013. In the CCF, it has committed to provide human and financial resources and the mechanisms for dialogue with the private sector, donor community, farmers and other stakeholders and across government ministries that are required for the achievement of tangible and sustainable outcomes, the acceleration of Malawi's development, and the delivery of tangible benefits to smallholder farmers, including women.

The government's policy commitments and progress made against them are detailed in annex b. The four overarching policy commitments are:

1. create a competitive environment with reduced risk in doing business for private sector investments in various value chains related to food security and nutrition, while also ensuring consistency and coherence in policies;
2. improve access to land, water and basic infrastructure to support food security and nutrition;
3. reorganise extension services targeting nutrition, agribusiness and cooperative programmes focusing on priority crops in their primary growing areas; and
4. reduce malnutrition by promoting production and utilization of diversified foods with high nutritive values.

In addition to these, at the Public Private Dialogue, held in December 2013, government responded to the private sector's calls to prioritise access to land, water and finance and seed sector reform. They agreed the following priority actions in addition to the monitoring matrix:

1. Access to land and water: Ministry of Agriculture and Food Security to call for a meeting of all stakeholders (including Ministry of Environment) to discuss implementation of pilot schemes proposed under presentation on access to land and water, including coordination with ongoing initiatives by government and donor partners.
2. Access to land and water: Dedicated teams of high level government officials (Principal Secretary and upwards) will be assigned to oversee and facilitate implementation of approved pilot schemes.
3. Seed sector reform: Seed Act review to be put on the agenda of the Technology Generation Technical Working Group, with private sector participation.
4. Seed sector reform: Ministry of Agriculture and Irrigation is fostering the institutionalized of the Seeds Surveillance Unit to be a parastatal that will be regulating the operationalisation of sector
5. Access to finance: Those working on the Commercial Agricultural Support Services (CASS) will follow up with relevant stakeholders, including Ministry of Finance, to further develop the proposal.

In all of these areas, the government is demonstrating its ongoing commitment to creating an enabling environment for private sector investment to develop the agricultural sector. Under access to land and water, it has begun to implement pilot investment scheme, which can be used as learning tools, to refine the approach that the GoM wants to take to private sector investment in agriculture. Notably, Malawi Mangoes is implementing the pledges it made in its letter of intent, with government support, and is planning to train 5,000 young smallholder farmers. More information is provided in the profile on Malawi Mangoes, in Chapter 6, which outlines the progress achieved in partnership with government.

The Seed Act has been reviewed by both government and development partners and is expected to be passed by early 2015 at the latest. This will be a large step towards harmonisation with the SADC region, which the private sector has been requesting in order for them to focus on higher-yield crops. It will therefore be beneficial to companies and smallholder farmers alike, through improved access to certified seed.

The Community Agriculture Support Services initiative, an initiative to improve smallholder farmers' access to finance – commercial interest rates can be as high as 40% in Malawi – is still in concept stage, but has won widespread support and has a dedicated team furthering its aims.

Among the progress that government has made on the commitments in its monitoring matrix, it has worked hard to create an enabling environment through various policy reforms (including the removal of export bans on all crops except maize) and by enacting legislation (such as the Anti-Money Laundering Act and the Credit Reference Bureau Act for increased access to finance, which is being supported by various donors). Discussions on value chain partnerships have been initiated, particularly on sugarcane.

The GoM has also commenced works on 530 ha (out of 6,293 ha) of the Chikwawa Green Belt Irrigation Scheme in Salima district. These include building a lake pump station, booster pump station, reservoir, pipeline, site office, workshop, ablution block and pivot areas, with overall progress at 80%. Under the Scheme, the GoM has secured lines of credit for \$10 million and \$40 million respectively from the Indian government for irrigation and mechanisation, as well setting up a sugar processing plant in Salima district.

However, the country has been grappling with crises on several fronts, including a huge devaluation of the Malawi Kwacha, inflation, a major financial scandal ('cash gate'), as well as being immersed in election preparations in the first half of 2014. The cash gate scandal in particular saw a reduction in on-budget sectoral support by donors and impacted on government-donor relations. Government remains committed to address the weaknesses in public financial management and to prosecute anyone implicated in the cash gate scandal. A Forensic Audit has been completed and the new Government has committed to continue investigations. Further forensic audits are planned and evidence will be submitted to the Director of Public Prosecutions to ensure that all those implicated in the cash gate scandal are prosecuted. However, in terms of the G8, the majority of donors have maintained their financial commitments to support government priorities. Government has consistently reaffirmed its own commitment to efficient use of public funds for agricultural development and food security.

The elections took place in May 2014 and were mostly peaceful. Voter turnout was high, although there were anomalies in the electoral process, and some allegations of rigging, external observers and the Malawi Electoral Commission have confirmed that a manual recount would not have altered the results. There was a democratic handover of power and the new President has been sworn in. At the time of writing this report, a new, lean Cabinet is in place

The events described above have inevitably impacted on the implementation of G8NA in Malawi since its official launch in December 2014. However, the collaboration and support in the drafting of this report is testament to the continued support and enthusiasm for this initiative, as is the ongoing progress by all stakeholders in implementing the policy commitments.

The new government's most immediate challenge will be to reassess its monitoring matrix and streamline the policy commitments, targeting a smaller number into which resources can be focused for maximum impact and timely achievement. Table 1 and Table 2, below, summarize the status of policy actions that GoM committed under the New Alliance.

Table 1: Summary of Government policy commitments in G8NA CCF

| | No progress | Some progress | Significant progress | Completed - Green | TOTAL |
|---------------------------|-------------|---------------|----------------------|-------------------|-----------|
| Due by May 2014 | 2 | 6 | | 1 | 9 |
| Due after May 2014 | 1 | 28 | | 2 | 31 |
| TOTAL | 3 | 34 | | 3 | 40 |

Table 2: Summary of Government policy commitments by CCF objective

| Policy Objective | No progress | Some progress | Significant progress | Complete - Green | TOTAL |
|------------------------------------------------------------------------------|-------------|---------------|----------------------|------------------|-----------|
| Enabling Environment for Private Sector Investment; trade and markets | | 12 | | 1 | <i>13</i> |
| Inputs Policy | 2 | 5 | | | <i>7</i> |
| Land and Resource Rights and Policy | 1 | 4 | | | <i>5</i> |
| Nutrition, Resilience, Gender, Risk management, institutions | | 13 | | 2 | <i>15</i> |
| Total | 3 | 34 | | 3 | 40 |

5.2. Development Partner Financial Commitments

G8 Members and other bilateral development partners set out their commitment to support the GoM's objectives in Annex 2 of the CCF. Nine partners in total have committed financial resources over the period 2013-2016.

As well as monitoring the quantity of aid disbursed, under the G8NA in Malawi, efforts are being made to ensure that the quality is adequate. For example, development partners' contributions need to be aligned to the G8 and to promote sustainable, systematic change.

Although improving, donor financing in agriculture is quite fragmented, with around 30 to 40 percent of agricultural aid being off-budget. This poses some challenges in terms of the linkage between the policy framework and agriculture. A movement towards placing more donor resources on budget and reducing fragmentation, improving harmonization and alignment of aid to the ASWAP and TIP-SWAP objectives could enhance aid effectiveness and reduce transaction costs. The recent establishment of a Multi-Donor Trust Fund in support of the ASWAP is an encouraging move in the right direction.

Donors are proactively working to further the companies' commitments to the G8NA. For example, USAID's activities in Malawi are designed to support the development of market systems and improve the enabling environment for private sector-led agricultural development. One example of how USAID/Malawi aims to directly support implementation of the G8 New Alliance is through the establishment of new public-private partnerships with the letter of intent companies, targeting increased productivity and access to technologies and markets for smallholder farmers.

There is also a need for donors to support a more robust vetting of project proposals at the Technical Working Group level (i.e. identifying private sector investors ahead of beginning works for major projects).

Recently, a delay in disbursements of project funds emanated from late submission of project financial statements for reimbursement. Donor funded projects have put in place conditions that reports must be submitted before any funds are disbursed. With the recent development of "cash gate scandal" signifying very high fraud and corruption in the public financial system, donor disbursement of project financial resources might be disrupted. However, all donors remain committed to supporting the implementation of the G8NA commitments.

Table 3: Summary Table of Original Development Partner Commitments to G8 New Alliance

| Development Partners | Original Currency | 2013 | 2014 | 2015 | 2016 | Total Original Currency | Total \$ | |
|----------------------|-------------------|--------|--------|--------|--------|-------------------------|----------|--------|
| FICA* | EUR | 4.1m | 4.2m | 2.9m | 2.7m | 13.8m | 18.1m | |
| CIDA** | CAD | 3.8m | 5.1m | 3.0m | | 11.9m | 12.3m | |
| GIZ | EUR | 0.15m | 0.2m | 0.15m | - | 0.5m | 0.67m | |
| EU | EUR | 35.3m | 28.8m | 34.7m | 24m | 122.8m | 160.8m | |
| Irish Aid*** | EUR | 7.9m | 8.0m | 7.4m | 6.3m | 29.6m | 38.7m | |
| JICA | YEN | 500.0m | 230.0m | 165.0m | 79.0m | 975.0m | 10.6m | |
| Norway | NOK | 140.0m | 150.0m | 150.0m | 150.0m | 590.0m | 102.0m | |
| DfID | GBP | 20.0m | 20.1m | 16.8m | 6m | 63.5m | 96.3m | |
| USAID | USD | 27.5m | 26.2m | - | - | 53.7m | 53.7m | |
| Total | USD | | | | | | | 493.1m |

Note: The euro exchange rate is the Infoeuro rate as at May 2013. The pound rate is the BBC market rate in May 2013. The Norwegian Krone exchange rate used is NOK 5.80 to one dollar. The Canadian Dollar exchange rate used is CAD 1.033 to one US dollar. The Japanese Yen exchange rate used is 92.4 Yen to one US dollar.

**The Flemish Government is drafting its next Country Strategy Paper Malawi – Flanders 2014 – 2018. Therefore, more detailed commitments cannot be shared at this time.*

***CIDA has recently closed their country office. Their funds are managed through the World Bank's Trust Fund.*

**** Ireland's only Cooperation Framework commitment is in Malawi, which is a commitment to the Malawi CAADP Country Investment Plan. Ireland's other food security commitments are not included in other Cooperation Frameworks.*

Table 4: Donor funding disbursement to date

| | Commitment | Total | Disbursement to | % disbursed of | Traffic |
|--|------------|-------|-----------------|----------------|---------|
|--|------------|-------|-----------------|----------------|---------|

| | timeframe | Commitments | date | committed to date | light rating |
|-----------|-----------|---------------|---------------|-------------------|--------------|
| DFID | 2011-2017 | 133m | 41.49 million | 31.20 | |
| USAID | 2011-2018 | 119.7m | 5.92 million | 4.95 | |
| EU | 2011-2019 | <u>160.8</u> | <u>31.97</u> | <u>19.9</u> | |
| Irish Aid | 2011-2021 | 47.6m | 14.42 million | 30.29 | |
| Norway | 2011-2022 | <u>102.00</u> | <u>20.40</u> | <u>20</u> | |
| FICA | 2011-2023 | <u>18.1m</u> | 6.28 million | <u>34.7</u> | |
| JICA | 2011-2024 | 18.6m | 0.2 million | 1.08 | |
| CIDA | | | | | |
| GIZ | | <u>0.67m</u> | <u>0.35m</u> | <u>51.5</u> | |

5.3 Private sector Investment

23 private sector companies submitted Letters of Intent, demonstrating their intentions to invest in Malawi's agricultural sector in support of the G8NA initiative. 15 of these are Malawi registered companies and 8 international companies. In total, they have committed financial resources amounting approximately to \$702 million over the upcoming five years.

Companies have showed tremendous leadership in converting their commitments into actual investments. They invested in new or existing processing facilities and reached more smallholders through origination, capacity building and improved farming methods (e.g. Malawi Mangoes, Agora, RAB Processors, Universal Industries, and FUM). Others went further and also created a joint venture to overcome the problem of access to finance (BERL, NASFAM, Afri-Nut, and ExAgris).

The private sector have been active advocates and participants of the G8 process in Malawi, and have reached agreement with government on their core needs in order to scale up inclusive investments in Malawi. It was at the initiative of the private sector that the three priority areas – access to land and water, access to finance and seed sector reform – were agreed in December 2013.

However, in some cases slow progress in implementing private sector investment plans has been attributed to a lack of government support and coordination. Furthermore, due to the differing natures of the private sector and development partners financial procedures, donor funding streams are not always responsive to the formers' needs. This is something which both parties are looking into, where appropriate, in order to further progress implementation of G8 commitments.

Notable success has been made in trialling and developing a land acquisition process, as part of a broader investment pilot scheme, which can be implemented quickly enough to attract investment, but that respects land rights of Malawi's rural population. It will ensure that compensation levels and payment modalities are in line with government approved standards and avoid 'land grabbing'.

Figure 3: Implementation of letters of intention

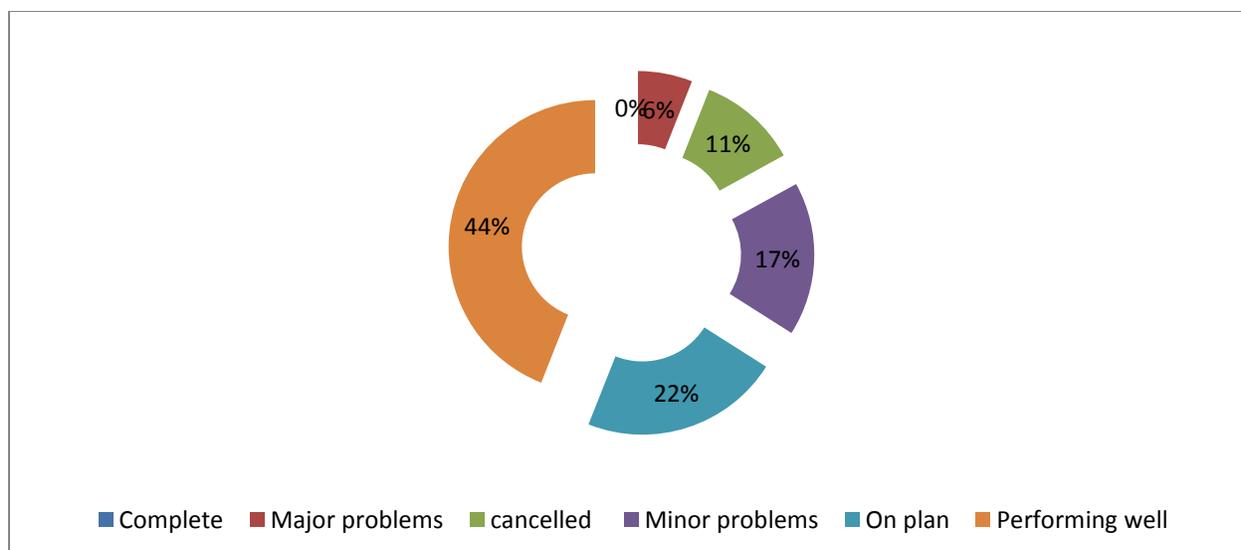


Table 5: Summary of Private Sector LOIs, investments, and impacts in Malawi

| Companies with LOIs | Planned Investments | Investments made in 2013 | Total jobs created from LOIs ¹ | Total number of smallholder farmers reached from LOIs ² |
|-------------------------------|---------------------|--------------------------|-------------------------------------------|--------------------------------------------------------------------|
| 15 local and 11 international | 177 (million USD) | 31 (million USD) | 2,750 24 % Female and 76 % male | 156,000 19% Female and 81 % male |

Companies highlighted the following constraints faced by their investments and the potential mechanisms to strengthen the enabling environment and unlock further investment.

1. **Access to finance:** Prohibitively high interest rates and lending conditions are preventing growth. Agribusinesses require large working capital, yet interest rates of over 40% are constraining private-sector development of the sector. In addition, a number of donor initiatives already in place and aimed at addressing this constraint are perceived by the private sector as not responding to the kind of long-term perspective that is paramount for agricultural projects to be transformational and sustainable. The CASS initiative is intended to overcome high interest rates for smallholder farmers by working with farmers to develop their loan applications, and by working with banks to lower their risks of lending. For larger investors, recommendations to increase competition and regulation in the financial sector are being reviewed.
2. **Access to certified seed:** The way in which seed monitoring is structured significantly restricts access to good seed varieties, despite the existence of Malawi-ratified SADC and Common Market for Eastern and Southern Africa (COMESA) protocols on sharing seed varieties across the region. Unlocking this constraint would stimulate agricultural

development in the country through the full implementation of the SADC Harmonised Seed Regulatory System. The review of the Seed Act is intended to be a major step towards solving these issues.

3. Access to land and water: The GoM has committed to releasing 200,000 ha (with supporting infrastructure) for large-scale commercial agriculture by 2018. Some pilot investment schemes have begun and private sector is advocating this to be scaled up as a basis for eliciting learning to enable the right parameters to be set for the roll-out of the full 200,000 ha. The private sector has also indicated their willingness to invest in pilot irrigation schemes on these farms.

6. Civil society report on enabling environment, responsible investment and growth

The Civil society generally welcomes the idea of the Government to commit to the G8 Alliance as we hope that this will increase the participation of the Private Sector in agricultural development in general but also the implementation of the ASWAp in particular. Currently the participation of the private sector is much lower than what we would have expected. The G8 Alliance will also open doors for smallholder farmers to reap more benefits from an increase presence of the Private Sector as we hope the private sector will make available inputs like seeds, fertiliser and other technologies to smallholder farmers. In addition to these we also hope the private sector will help in the provision of extension services and marketing opportunities to the smallholder farmers.

As the G8 Alliance will be implemented, we take note of the fact that there will be need for some institutional transformation in form of revision of the Acts, strategies and policies governing the sector. Government will also be required to make available and provision of land and water to some private sector companies. Our hope is that as this is taking place, there will be an involvement of the smallholder farmers, especially women farmers, in these processes. The civil society will thus provide the space that will enable the farmers to contribute to these processes. We believe that the general involvement of the ultimate beneficiaries of the G8 Alliance, who are the poor, resources constrained smallholder farmers in these processes, will promote a responsible and inclusive investment by the private sector. We also hope that Government will put in place monitoring mechanisms that will track the progress but also the impact the investment is having on the smallholder farmers. Whether the investments by the private sector are indeed helping the smallholder farmers out of poverty or condemning them deeper into poverty.

The civil society has generally been in support of the G8 Alliance. However there have not been many activities on the ground as most of the civil society organisations are not directly involved in the implementation of activities under the Alliance. However, CISANET has been part of the G8 Alliance core team and also as a member of the Joint Sector Review team and also a member of all the seven ASWAp Technical Working Group, it has participated in all the discussion taking place at that level in as far as G8 Alliance is concerned. Although CISANET came in a bit late in whole G8 Alliance program (joined in September 2013), we have been instrumental in publicising the program through our list serve, thematic groups and also website. We were part of the team that helped in planning for the launch of the G8 Alliance in Malawi but also been an active participant in the launch ceremonies.

7. Profile: Malawi Mangoes

Around 4 million small-fruited mango trees grow along the shores of Lake Malawi. Over 85% of the fruit from these trees is wasted every season. The founders of Malawi Mangoes (MM) spotted a business opportunity that could leverage this oversupply, turning what was close to a zero-value product for smallholders into a lucrative source of income.

MM realised that by “top-work” grafting internationally recognised mango varieties onto the small-fruited trees, it was possible within 18 months to turn trees producing low-value local mangoes into trees producing improved income-generating varieties.

Trading since January 2011, the company has completed constructing a world-class fruit processing facility in the Salima district, with commercial banana samples produced and sent to several regional and international customers, and commercial trials imminent. The mango season in Malawi only lasts for approximately 2.5 months in a year and cannot guarantee year-round supply to the factory. This is why MM decided to expand into banana processing, sourcing produce exclusively from its anchor farms during the initial years (to ensure disease protection and best-practice production), while mangoes will be sourced 100% from smallholders for the first 2 years.

All MM farms will be Rain Forest Alliance-certified, a key indicator of proper soil management, environmental protection and agriculture sustainability, with MM’s banana plantation on-track to becoming the first such certified banana plantation in Africa by late-2014

Widespread interest in these operations from regional and international customers has boosted MM’s demand for guaranteed supplies of high-volume/ high-quality mangoes, bananas and other produce for processing, in turn requiring local smallholders to improve farming techniques and expand production to fill this gap.

To address this need, and building on Malawi’s Green Belt Initiative, MM is looking to establish a 500 ha Incubator Farm as a revolving training resource, leased every year to a new “class” of 1,000 smallholders. Participating growers will be guided in cultivating target crops using MM-endorsed farming practices, in close proximity to MM’s processing plant and with MM also facilitating market linkages. It is envisaged that within 5 years of establishment the Incubator Farm will have trained over 5,000 mostly young people in higher-value horticulture and irrigation techniques while being linked to a guaranteed market, with knock-on benefits for community farming practices once they return to their village plots.

8. Annexes

a. Summary Table of Government Policy Commitments

| Policy Objective | Policy action from cooperation framework | Timeline for completion | Status and narrative update | Traffic light rating |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| 1. Create a competitive environment with reduced risk in doing business for private sector investments in various value chains related to food security and nutrition, while also ensuring consistency and coherence in policies; | 1. Fast track finalization of the National Agriculture Policy, National Irrigation Policy and Industry and Trade Policy | January 2014 | The Ministry of Agriculture and Food Security (MoAFS) is currently developing a National Agriculture Policy (NAP). MoAFS conducted a needs assessment exercise leading to the development of a background paper for NAP. The final draft is expected in July. | Yellow – some progress |
| | | | The Industry and Trade Policy has been split into two policies. The Industrial Policy has been drafted and a validation workshop will take place on 30 th June 2014. | Yellow – significant progress |
| | | | A consultant has been contracted through UNDP to lead the development of the Trade Policy | Yellow – some progress |
| | | | The Ministry of Water Development and Irrigation has submitted a Final Draft of the National Irrigation Policy and Development Strategy to the Policy Unit of the OPC for vetting. The Revised NIPDS is planned for formal submission to OPC within June 2014 | Yellow – significant progress |
| | 2. Eliminate export bans on other crops but not maize; review the Special Crops Act and the Control of Goods Act in relation to the Malawi Growth and Development Strategy (MGDS) and the National Export Strategy (NES) | September 2014 | Review of the Special Crops Act and the Control of Goods Act is ongoing. Elimination of export bans on crops excluding maize has been done. | Yellow – significant progress |
| | 3. Realign existing Government policies and strategies to ensure that they are coherent and consistent and ensure that the various relevant | December 2014 | This is an ongoing process | Yellow – some progress |

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| | departments work together | | | |
| | 4. Government will develop a regulatory framework for commodity exchanges and warehousing receipts | September 2014 | Realignment by a multi-sectoral team is ongoing includes MoAI, Auction Holdings Limited and ACE. Draft Warehouse Receipts Act (2014) has been developed and circulated for comments and was discussed at a technical working group meeting on June 4 2014 at the Ministry of Trade and Industry. IFC supported the start of warehouse receipt regulation work with initial consultative workshop on 26 February 2014. Funding has been secured for a consultant through the IFC, to develop WRS law, Commodities Exchange law and the accompanying regulations. Aiming to present bill to parliament in November 2014. | Yellow – significant progress |
| | 5. Fast track the doing business reforms and review taxation regimes in order to maximise incentives to investment in the growth clusters under the National Export Strategy and to support agricultural mechanization | December 2016 | A Task Force on Taxes, VAT and Industrial Rebate has been established. They recommend the formation of Industrial Rebate Appeals Committee to comprise MoF, MBS, MoIT, MITC, and MCCI. ToRs have been developed to conduct a study on Industrial Rebate Scheme to be undertaken by the MoIT with support from UNDP. DFID support is also being mobilised to conduct a comprehensive taxation review. AFDB also finalised a domestic resource mobilisation study and have launched a programme based on that. | Yellow – some progress |
| Implementation of the Doing Business reforms is being led by the DRG and is ongoing | | | Yellow – some progress | |
| | 6. Fast track the implementation of the Financial Sector Development Strategy, particularly the Government is committed to facilitating and enabling rural empowerment through increased access to finance for farm inputs and agricultural | December 2016 | The Malawi Financial Sector Technical Assistance Project is facilitating the implementation of the financial sector development strategy in order to increase access to finance. Concept paper on the Farm Input Loan | Yellow – some progress |

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| | and water development | | Programme was developed and has been revised to facilitate access to agricultural finance for farmers to purchase farm inputs | |
| | 7. Government will make the Export Development Fund (EDF) more cost effective and focused on service delivery. | March 2014 | The EDF has some credit in MKW through Reserve Bank: Some went to a timber project and this loan became non-performing, and some to a rice project. Ministry of Finance and Justice need to agree on guarantee for line of credit. EDF lacks access to the USD line of credit that was sourced through the African Import and Export Bank. | Yellow – some progress |
| | 8. Government will make the Malawi Investment and Trade Centre , a one stop shop whose roles will include promotion and attraction of investment to the key clusters of the NES, trade facilitation and ensuring smooth information flow to investors | September 2014 | The Malawi Investment and Trade Centre (MITC) will establish the ‘one-stop shop’ for investors, but needs sufficient capacity and authority to effectively facilitate investments. One stop shop for investment and product market mapping being implemented by MITC. Progress so far includes: <ul style="list-style-type: none"> • Draft Memorandum of Understanding (MoU) between stakeholders (MRA, Immigration, etc) were developed by MITC and have been vetted by Ministry of Justice; • MITC has started signing the MoUs with the concerned Parties; • MITC website up and running DFID support being mobilised to support MITC establish itself as a one-stop shop and to update the Investment and Promotion Act. | Yellow – some progress |
| 2. Improve access to land, water and basic infrastructure to support food security and nutrition; | 1. The Government will take measures to release 200,000 hectares for large scale commercial agriculture by 2015, this will be done after conducting a survey to identify idle land and crop suitability under both customary and leasehold | June 2015 | Consultations for conducting survey and designing of the survey are underway. Changes were made to ensure large and small estates were both included. | Yellow – some progress |
| | 2. Commitment to implementation of SADC and COMESA Seed Harmonization Programme through: | June 2015 | | Yellow |

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| | a. Enactment of crop variety protection legislation (Plant Breeders Right Bill has been concluded and is awaiting enactment) | December 2013 | Crop variety protection legislation has been developed and is to be tabled at the next session of parliament. | Yellow – significant progress |
| | b. Enactment of amended phyto-sanitary legislation (Malawi Plant Protection Act, 1969) | January 2015 | The Act has been reviewed and vetted by Ministry of Justice. The draft bill has been submitted to cabinet for endorsement before parliament can pass it. | Yellow – significant progress |
| | c. Reviewing of National Seed Certification System (Seed Act, 1996) | March 2014 | 1. Seed Act is being reviewed by the Technology Generation Technical Working Group, with private sector participation. A final Seed Act is expected by end of 2014/early 2015. | Yellow – significant progress |
| 2. The Ministry of Agriculture and Irrigation with the Oil Seeds TWG intends to have a Seeds Surveillance parastatal which will be regulating the sector | | | Yellow - some progress | |
| | d. Reviewing the current Pesticide Act | June 2014 | The Act has been reviewed and the draft bill is with the Ministry of Justice | Yellow – significant progress |
| | e. Fast track the development of the Fertilizer Regulatory Framework and the Contract Farming Strategy | January 2015 | The Fertilizer Regulatory Framework and fertilizer strategy are being developed with support from AGRA. The draft contract farming strategy is being reviewed by the technical working group on Commercial Agriculture, Agro-processing and Market development. In addition a consultant has been engaged to develop a regulatory framework for contract farming. | Yellow- some progress |
| | 3. Government will enact the new land bill | June 2015 | The bill was passed by parliament but not endorsed by the president due to comments from civil society – it is under review. | Yellow – some progress |
| | 4. Develop an Access to Land and Water Programme by end of 2013 to be implemented over a 5-year period up to 2018 for mostly the priority crops | December 2013 | The implementation program has not been done. However, efforts have been enhanced to improve on capacity of the Ministry of Land on land registration and processing of deeds. MoIT and Ministry of Lands are currently negotiating with I-Fuse for the design of a | Yellow – some progress |

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| | | | comprehensive land development support project. Next steps include Finalising negotiations, sourcing funding for the implementation of the land development support programme. The Ministry of Water Development and Irrigation with support from IFAD is designing the Programme for Irrigation Development (PRIDE) that will enhance farmers' access to irrigated land. Approval is likely to be done within 2014 | |
| | 5. Government is committed to maintain its ongoing efforts to increase sustainability, transparency, accountability and value for money in its approach to the Farm Input Subsidy Programme (FISP) | December 2014 | FISP taskforce meetings regularly take place in a transparent and accountable manner and membership consists of both public and private sector actors. A FISP review stakeholder meeting is planned for July 8 th 2014. | Yellow – significant progress |
| | 6. Government will ensure that the Strategic Grain Reserves (SGR) are properly maintained and the capacity for the management of the SGR enhanced and will also ensure private sector participation in the SGR | January 2015 | An assessment of the SGR was done and maintenance of silos in Kanengo (Lilongwe) is underway. Comprehensive operation and maintenance plan is being developed. Discussions underway with WFP & World Bank for engaging private sector in SGR warehouse receipt. | Yellow – significant progress |
| | 7. The GBI and other donor funded irrigation projects will strongly be linked to the National Export Strategy | January 2015 | GBI sugar project in Salima underway and is linked to NES. Construction is expected to be completed ahead of schedule. Investors are actively being sought. A consultancy is ongoing to assess the feasibility of irrigation of oil seeds in Malawi and will be completed in July. | Yellow - significant |
| | 8. Government will ensure that the irrigation infrastructure designs accommodate crops that have been identified in the National Export Strategy; and the designs will be up to the farm gate and water storage | June 2016 | Design of eleven irrigation projects is underway and the proposed cropping patterns are linked to the NES. The designs will be completed within 2014. Private sector investors are actively being sought. | Yellow – significant |
| | 9. Explicitly set Nacala Corridor as top priority corridor for development and include the connection to Lusaka | December 2013 | Development of the Nacala Corridor is underway. | Yellow - some |
| | 10. Prioritise rural feeder roads to primary production areas of prioritised crops in growth clusters | December 2013 | Identified priority feeder roads in 10 districts but currently there are in two lots, one of them is including; Chitipa, Salima, Ntcheu, Mwanza-Neno | Yellow - significant |

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| | | | and Chikwawa under this, contractors have been identified to carry out three interventions such as; Hand reshaping, Gravelling and low volume sealing based on the condition of the road. The other lot will be done later. | |
| | 11. Government is committed to the provision of reliable power supply to agri-business including those in rural areas, in particular through the timely implementation of the Millennium Challenge Compact, the Mozambique Interconnector, the Kholombizo Hydro Power Station and the Kamwamba Coal Power Station, among other investments. | December 2018 | \$350m has been allocated through MCC to up scaling energy supply. This is being spent on feasibility studies for hydro power; building an interconnector for Blantyre & Lilongwe; and capacity building at MERA, ESCOM and the Min. Energy. Kapichila power station has been built addition of 40KW to the grid but ESCOM still needs 750KW more to meet demand. | Yellow – some progress |
| 3. Reorganise extension services targeting nutrition, agribusiness and cooperative programmes focusing on priority crops in their primary growing areas; and | 1. Government has prioritised the following crops: maize, groundnuts, soya beans, sunflower, cotton, pigeon peas and sugar cane and dairy in the short term | July 2013 | Government has prioritised maize, groundnuts, soya beans, sunflower, cotton, pigeon peas and sugar cane and dairy. TWGs and taskforces in ASWAp and TIP Swap have been aligned to priorities. | Green |
| | 2. Government is committed to agricultural zoning based on priority crops and growth clusters and promotion of anchor farms as well as out grower schemes | September 2014 | Promotion of anchors farms and out grower schemes has started and process is ongoing but zoning is yet to start. | Yellow – some progress |
| | 3. The Government is committed to reorganise the extension services to improve delivery of modernised market oriented agricultural extension services in the following priority areas | September 2014 | The ASWAP is supporting farmer organisations mostly cooperatives to effectively participate in public private partnership and agricultural value chains and extension services. Farm Business Schools are being established to build capacity of market-oriented farm planning and management | Yellow – some progress |
| | a. Facilitate establishment of agricultural cooperatives to effectively participate in agricultural value chains by formulating a special Farmer Organisation Development strategy. | September 2014 | Establishment of agricultural cooperatives in agricultural value chains is ongoing and being handled by technical working group under ASWAp. | Yellow – some progress |
| | b. Support applied research and extension programmes on priority ASWAp and National Export Strategy growth clusters | September 2014 | Research on oil seeds under a sub-project has been developed at Chiteze Research Station. The Department of Agricultural Research is conducting on-farm trials and demos under ASWAp. | Green |

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| | c. Improving knowledge and skills of existing frontline staff through long and short term training programmes | September 2014 | With the support from donors, 66 frontline staff pursuing diploma studies at NRC. A class of 40 has graduated from Mikolongwe and a class of 20 has completed studies from College of fisheries. The exercise is on-going | Yellow – significant progress |
| | d. Standardise and harmonise the pluralistic and demand-driven delivery of extension services | September 2016 | Identified extension service providers where they work on oil seeds, namely: DAES, NASFAM, INVC, AICC, EXAGRIS, Presidential Initiative, and FIDP. A task force is working on extension services for sugar, tea and cotton, following the PPP approach. | Yellow – some progress |
| | 4. Government will gradually fill existing vacancies in extension and agricultural research to facilitate implementation of quality control/regulatory services (seed certification, phyto-sanitary and food safety) | September 2014 | Ongoing and aim to fill vacancies to achieve optimal capacity in extension. Alternative mechanisms have been adopted in the meantime, including working with lead farmers and outsourcing the extension services. | Yellow – some progress |
| | 5. Government will foster a favourable enabling environment for contract farming | September 2015 | Draft Contract Farming Strategy is being finalized. Expected to be completed by end of 2014. In the meantime, the guidelines for implementation of contracted farming – Integrated Production System – have been fast tracked and gazetted. | Yellow - significant |
| | 6. Government will improve the quality of agricultural commodities by capacitating the Malawi Bureau of Standards and other research institutions to be able to certify products to meet international standards | June 2015 | Government has started equipping the Malawi Bureau of Standards but lack of funding to construct building has been main bottleneck | Yellow – some progress |
| | | | Government has started equipping Chitedze Research Station with the capacity to certify commodities. This being done with the support of development partners including the EU and World Bank | Yellow – some progress |
| 4. Reduce malnutrition by promoting production and | 1. Government will enact the Nutrition Bill and complete the review of the Public Health Act to enforce salt iodisation and extend maternity leave. | July 2015 | Nutrition Act has been drafted; iodisation of salt is being implemented and monitored. Maternity leave has not been extended | Yellow – significant progress |

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| utilization of diversified foods with high nutritive values. | 2. Government will develop a nutrition sensitive agriculture strategy, which takes into account Scaling Up Nutrition and the National Nutrition Policy | December 2014 | Currently (June 2014) being incorporated into the development of the National Agricultural Policy; The process has begun with documenting best nutrition practices in agriculture. | Yellow – some progress |
| | 3. Government will continue the decentralised multi-sectoral approach to implementing the 1,000 days of the Scaling Up Nutrition Strategy | December 2016 | Implementation of 1000 days ongoing and details are included in the SUN annual progress report which will be forwarded to the SUN secretariat before end of June 2014 | Yellow – some progress |
| | 4. Government will harmonise standards for centrally processed foods including complementary foods. | December 2015 | Government has harmonized standards for centrally processed foods including complementary foods. The Act governing the harmonised standards has been draft but has not yet been enacted | Yellow – significant progress |
| | 5. Scale up nutrition interventions targeting stunting in all 28 districts promoting recommended practices; improving and scaling up Community Based Management of Malnutrition; improving infant micronutrient intake through health day campaigns routine supplementations and dietary diversification; and improving women’s empowerment through the promotion of rights based approaches for communities to demand nutrition services and others. | July 2016 | Ongoing, funded by government and development partners, government to continue prioritizing activity. Rolling out Scale Up Nutrition Education and Communication and community based nutrition services through care group model or Community Leaders Actions in Nutrition (CLANS) in 23 of 28 districts | Yellow – some progress |
| | 6. Government will implement the Micronutrient Strategy | December 2017 | Government is implementing the strategy and the activity is ongoing. Campaigns on vitamin A and iron continue to be implemented. Monitoring of iodised salt by Malawi Bureau of Standards is ongoing. Some private sector companies have already changed production methods to fortify sugar with vitamin A | Yellow – significant progress |
| | 7. Government will implement the Nutrition Education and Communication Strategy | December 2016 | In agriculture process has begun with strengthening nutrition education and communication using mass media, television and radio. Pamphlets are printed. | Yellow – significant progress |
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b. Summary Table of Private Sector Commitments

| Company | Goal | Progress to date | Traffic light rating |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Afri-Nut | <p>Contribute to adding significant value to Malawi nut production and creating additional income for groundnut producers by:</p> <ol style="list-style-type: none"> 1. increasing European aflatoxin standard- and Fair-trade certification-compliant groundnut production to 4,000 tonnes p.a.; 2. designing, contracting and building a new groundnut processing factory and ordering and importing new machinery; and 3. providing training and employment for smallholder farmers in the sector. | <p>Significantly improved the quality of groundnut processed, but only produced 300 tonnes of compliant product, with the target for 2014 being 1,500 tonnes.</p> <p>Completed the design phase of the groundnut processing factory.</p> <p>Training programme will start in 2014. Currently working on a €3 million project with the Dutch government to expand the groundnut processing facility and take more produce from smallholders.</p> <p>Plans are also underway for a joint venture with BERL, ExAgris Africa and NASFAM to form Afri-Oils, which will entail setting up operations at a separate new oil production facility, which will source around 8,000 tonnes of groundnuts from farmers.</p> | |
| AGCO | <p>Contribute to capacity building, knowledge transfer on the agronomic system, and the intensification of agriculture and farming mechanisation by:</p> <ol style="list-style-type: none"> 1. establishing a demonstration farm and training centre, together with global and local partners, aimed at large- to small-scale farmers, agriculture students and local schoolchildren; 2. providing infrastructure and technical support with mechanisation, storage and livestock systems, including after-sales services for commercial smallholders, and emerging and large-scale farmers; and 3. Offering finance solutions and developing leasing models for tractor supply to small-scale farmers with little working capital. | <p>Further in-country exploration visits planned.</p> <p>Efforts to forge links in the regional cluster with Mozambique, Tanzania and Zambia are envisaged.</p> | |
| Agora | <p>Help forge empowering linkages between grass-root farmers and urban high-quantity consumers of farm output commodities (such as maize, soya beans, groundnuts, sunflower and pulses) by:</p> <ol style="list-style-type: none"> 1. building and commissioning a \$4.7 million Toor Dhal (or pigeon pea) plant in Malawi's southern region, with anticipated production volumes of 28 tonnes a day; and | <p>Sourced around 15,000 tonnes of commodities from the company's outlet shops in the south, between 30-40,000 tonnes from the centre, and 20-30,000 tonnes from the north through its networks. Approximately 50% is directly sourced from smallholders (of whom about 70% are female).</p> <p>Secured \$3 million to start constructing a 4,000 sq.m. facility</p> | |

| Company | Goal | Progress to date | Traffic light rating |
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| | <p>2. Purchasing appropriate land to accommodate storage space and production plant (\$0.5 million), procuring plant equipment (\$2.4 million), building and commissioning warehouses and factory (\$1.8 million), and training employees in production and packaging of finished product.</p> | <p>to house its entire operations, including warehouses (ready within 7-8 months) and ToorDhal plant (completion expected within 2 years). Sharing plans and engineering requirements with Indian leading brand Laxmi Toor Dhal, which will buy from the factory once production commences.</p> | |
| <p>Alliance One Tobacco (Malawi) - AOM</p> | <p>Provide support and investment for developing and empowering smallholder and women growers by:</p> <ol style="list-style-type: none"> 1. up scaling production (for all sales including under the Integrated Production System – or IPS, contract marketing and auction) from 36,000 to 300,000 tonnes of maize, from 1,600 to 145,000 tonnes of soya, from 6,800 to 40,000 tonnes of flue-cured tobacco, and from 50,000 to 90,000 tonnes of burley tobacco; 2. increasing related employment from 71,000 to 181,000; 3. expanding land utilised in production from 61,000 ha to 181,000 ha; and 4. developing one or more academies to enhance growers’ agronomic and business abilities, and establishing one or more research farms to develop world-class high flavour/aromatic burley styles. | <p>2012 government approval for IPS officially gazetted in 2014. In respect of IPS smallholder farmers, scaling up production of burley to 26,000 tonnes, flue-cured to 9,000 tonnes (doubling smallholder volumes from 2,500 to 5,000 tonnes) and maize to around 55,000 tonnes. Expanded agronomy department by 200 people in preparation for wider rollout of IPS, training 21,000 smallholders. Cultivated 19,000 ha under new technologies and improved methods. Financed input for farmers worth \$20 million, invested additional \$1.3 million on new technology in factory, \$1.1 million in agronomy, and purchased a 670 ha farm for R&D. Proceeding with reduced-scale proof-of-concept on sustainable soya production.</p> | |
| <p>Bio Energy Resources (BERL)</p> | <p>Develop the production, processing and trade of oilseed commodities (jatropha nuts for bio-fuel/fertilizer and sunflower seed for cooking oil and animal feed) for domestic consumption by contributing to:</p> <ol style="list-style-type: none"> 1. local value addition (reducing imported cooking oil requirement by \$45-50 million p.a.) through enhancing its oilseed processing facility with an additional oil press and further seed/oil cleaning and storage equipment worth \$600,000; and 2. rural household incomes, poverty reduction and food security through the enrolment of additional beneficiaries benefiting from annual incomes generated via sales of sunflower seed. | <p>Economies of scale for expansion necessitated 2 additional oil presses, but the required finance has not been realised. As at end of 2013, discussions were underway with ExAgris Africa, NASFAM and Afri-Nut to form a joint venture known as Afri-Oils to operate a larger capacity oilseed production facility, which will take over BERL’s business and likely require its Letter of Intent to be reissued in the new entity’s name.</p> | |
| <p>Bunge</p> | <p>Contribute to sustainably ensuring food security and high-quality agric-products by:</p> <ol style="list-style-type: none"> 1. working with smallholders in partnership with organisations | <p>Original 2013 business plan called for procurement of 20,000 tonnes of crops for export, only 5,000 tonnes of which were sourced, from 1,700 smallholder farmers in the central</p> | |

| Company | Goal | Progress to date | Traffic light rating |
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| | <p>like the Farmers Union of Malawi, the Clinton Development Initiative, and the National Smallholder Farmers Association of Malawi to promote the growing, structured marketing and export of soya beans worth \$9 million for 2013-14;and</p> <p>2. across sub-Saharan Africa, investing in agribusiness, food and ingredients, and sugar and bio-energy.</p> | <p>region of the country.</p> <p>The business has been idled, with operations expected to recommence in 18-24 months, depending on economic conditions.</p> | |
| Citrefine Plantations Malawi | <p>Contribute to boosting production of high-value oils(such as eucalyptus, geraniums and lemon grass) as inputs for insect repellents and cosmetics by:</p> <ol style="list-style-type: none"> investing \$2.5 million over five years to increase the Vipha Forest Reserve plantation by 1,500 ha, with a potential yield over 50 tonnes of oils p.a. and revenues (at present all from exports) of \$2 million p.a.; and improving nursing and seedling, developing a small holder out-grower scheme, increasing tree planting, supporting ecotourism in the forest reserve, improving electrification, and doubling employees to 600 people. | <p>Produced and exported 2.5 tonnes of lemon eucalyptus oil (LEO) to South Africa.</p> <p>Planted 700 ha of lemon eucalyptus (target of 240 ha for 2014), with trial plots of 230 ha of lemon eucalyptus and 5 ha of lemongrass (including 15 ha with out-growers) expected to yield 4 tonnes of LEO in 2014.</p> <p>Invested \$2.25 million since 2009 with foreign private investor loans.</p> <p>Produced around 2 million seedlings in nursery to plant for oils.</p> <p>Employed 200 people plus 4 volunteers on various programmes.</p> <p>Developed a small ecotourism project centred on a company-run guesthouse.</p> | |
| Competitive African Cotton Initiative (COMPACI) | <p>Contribute to improving the livelihoods of smallholder cotton farmers by:</p> <ol style="list-style-type: none"> convening investment in the cotton value chain from corporate partners to train farmers in soil/water conservation, balanced crop rotation, and business principles; expanding cotton demand by promoting the “Cotton made in Africa” brand; and linking smallholders to larger markets by partnering with the “Better Cotton Initiative”. | <p>Continuing with strategic investment plans through to 2015.</p> <p>In partnership with Plexus Cotton Limited and Great Lakes Cotton Company, reached over 53,000 smallholders to purchase around 10 tonnes of seed cotton, of which approximately half is “Cotton made in Africa” verified, and produced over 1.7 tonnes of “Cotton made in Africa” verified lint.</p> <p>Trained around 39,000 smallholders in 2013.</p> <p>Plans underway to invest \$3.4 million over 2013-2015 to reach 65,000 farmers.</p> | |
| Dairibord Malawi Private (DML) | <p>Progress export-oriented growth in milk production through commercialisation by:</p> <ol style="list-style-type: none"> investing \$3 million in small-scale dairy development and the set-up of three large-scale commercial anchor farms, as well as purchasing equipment for value addition targeting both domestic and export markets; and importing at least 100 dairy animals for distribution to small- | <p>Invested in 3 new collection centres for smallholders; installations complete but still chasing electricity company for power connection, with centres due to commence operating from 1 March 2014.</p> <p>No progress on commercial anchor farms due to absence of suitable partners with land, and lack of reasonable-cost medium- to long- term financing vehicles.</p> | |

| Company | Goal | Progress to date | Traffic light rating |
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| | scale farmers, providing training and support to smallholders, and identifying local partners with suitable land for investment in commercial dairy farming, thereby creating at least 450 new jobs. | Purchased equipment for value addition in Q4 2013, with plans to invest further in 2014 depending on supply response. Full-time extension worker hired to support farmers. Expenditure to date estimated at \$400,000. | |
| Ex-Agris Africa (EAA) | Contribute to enhancing certified seed and agri-food production by: 1. investing around \$2 million in completion of 450ha of electrified irrigation, mechanised groundnut grading, soil fertility improvement and extended use of arable land; 2. increasing the value of non-tobacco exports of over \$1 million (paprika and groundnuts) and employing 200 additional staff, while creating 1,500 part-time jobs; and 3. contributing 500 tonnes of maize/maize flour, 500,000 litres of vegetable oil, and 75 tonnes of beef to the national food basket, while supplying 200 crossbred heifers annually to smallholder | Completed electrification on an estate for irrigating around 280 ha. Engaged with government through technical working group on availability of certified seed in Malawi. Cropping plan for non-tobacco commodities increased by 250 ha (50 ha for paprika and 200 ha for groundnuts), which will deliver around 400 tonnes of additional seed. Targeting to buy more groundnuts (350 tonnes) and paprika (200 tonnes) from same group of roughly 15,000 smallholders in 2014. 20,000 smallholders registered and 50 head of cattle supplied. In talks to form the Afri-Oils plant oil production joint venture with Afri-Nut, BERL and NASFAM. | |
| Farmers Union Malawi (FUM) | Promote the participation of farmers in the design, implementation, and monitoring of policies and programmes to improve their livelihoods by contributing \$2.5 million annually towards: 1. strengthening farmers' competitiveness in various agricultural value chains through development of agricultural cooperatives, promotion of agribusiness, market access and policy advocacy; and 2. Increasing the production and marketing of strategic agricultural commodities such as cereals, oilseeds, fruits, vegetables and dairy by more than 500,000 smallholders and approximately 500 medium and large-scale farmers. | With support from Swedish organisation We Effect, established demonstration plots on how to economically produce cotton, and built capacity of Cotton Farmers Association of Malawi to effectively engage in national cotton negotiation meetings. Trained farmers on collective marketing, enabling those adopting changed practices to fetch price premiums up to double their prior selling price. Ran farmer training workshops on how to engage with Malawi's Agricultural Commodity Exchange (with support from USAID-funded company DAI). Strengthened farmer organisations' policy engagement capability at local, district and national levels (with funding from USAID). | |
| Illovo Sugar Malawi (ISML) | Enhance domestic food crop production by: 1. investing around \$30 million to increase sugar production by 30,000 tonnes p.a. through incremental expansions at ISML's Dwangwa and Nchalo estates; | Over the first 12 months: • Increased sugar production by 50,000MT per annum through incremental expansions at both Dwangwa and Nchalo requiring a capital investment of approximately | |

| Company | Goal | Progress to date | Traffic light rating |
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| | <p>2. up-scaling its food crop production by planting 50 ha of maize at both estates in 2013; and</p> <p>3. Investing approximately \$800,000 to develop 50 ha of irrigated food crops and produce three rotational crops p.a. at Kaombe estates, to be expanded to 100 ha in 2014, with support from the GoM, and ISML's community trust and development partners.</p> | <p>\$40m - Illovo has commenced its investment programme (approximately \$10Million) across both Nchalo and Dwangwa sites which supports an estimated additional 10,000Mt sugar make this year. In addition, investments in infrastructure are designed to support value adding of the raw sugar product through speciality sugar development.</p> <ul style="list-style-type: none"> • Design, preparation and capital cost application to the internal Board of Directors for incremental expansion in Dwangwa - completed • Planting of 50ha of irrigated food crops at Nchalo and Dwangwa in 2013 – Exceeded: 60ha planted and harvested at each site. Maize distributed to vulnerable communities; elderly, disabled and orphans • Collaboration and coordination with donors and service providers for 100ha of irrigated food cropping at Kaombe community trust farm – in progress; Application for integrated sugarcane and food crop smallholder scheme made to the EU in June 2013 – no response to date; Application for integrated sugar, fish farming, food crops and orchards made to MICF with Agricane as the lead partner <p>In addition, Illovo is collaborating with the Southern Regional Water Board, GIZ and the UK Aid funded Climate Resilience Infrastructure Development Facility (CRIDF) to provide potable water to the villages and trading centres surrounding the Nchalo estate. We are currently in discussion with CRIDF to extend this partnership to investigate small-scale irrigation for food crops to facilitate sustainable food security at village level. The Community Development Trust established by Illovo and partners is also now in a position to support community development projects in a number of sectors including food security, health, education and economic development. The Trust is currently in the process of identify community led projects for support.</p> | |
| Limbe Leaf | Promote wellbeing, financial security and environmental | i.) LLTC provides loans through a contract directly to their | |

| Company | Goal | Progress to date | Traffic light rating |
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| Tobacco Company (LLTC) | <p>sustainability in tobacco production and handling through investment of at least \$30 million to:</p> <ol style="list-style-type: none"> 1. expand LLTC's farmer contracting programme and increase the average maize yield from 1.8 to 3.3 tonnes/ha by 2014, increasing household agricultural income from \$280 to \$600 p.a.; and 2. provide pre-financing and guarantees to banks for pre-contracted smallholders, inputs (e.g. fertiliser, seed), technical extension services, and water management training, as well as support for a long-term reforestation programme. | <p>IPS funded growers at favourable interest rates. The average overall income after loan repayment of LLTC's contracted smallholder tobacco farmers who are supported for food production is over USD 1,000 per year</p> <p>ii.) During the 2013/14 season, LLTC constructed 2 dams, one in Kasungu East and the other in Mzimba South, providing enough irrigation water for about 350 households. The total combined capacity of the dams is about 50,000 cubic meters of water. LLTC also continued a long-term programme of distribution of treadle pumps which allow farmers to water vegetable gardens during the dry season</p> <p>iii.) LLTC's contracted and supported farmers have seen an increase of tobacco yield ranging between 20 and 55% during the first year of IPS.</p> <p>iv.) The provision to farmers of hybrid maize and legume seeds has shown an increase in the yield crops of 54% passing from the national average of 1,800 kg/ha indicated in CAADP to an average of 3,000 kg/ha in 2013.</p> | |
| Malawi Mangoes | <p>Deliver positive development outcomes to Malawians through a viable commercially-driven agribusiness by:</p> <ol style="list-style-type: none"> 1. constructing a 10,000 sq. m. world-standard fruit processing facility, with over 100,000 tonnes of fruit processed every year (sourced also from smallholders); 2. developing and irrigating over 350 ha of Rainforest Alliance-certified farmland initially and a further 1,000 ha in the following year, one-third being smallholder land capable of generating incomes of over \$10,000 p.a. per farmer; and 3. establishing an out-grower scheme involving 2,000- 3,000 smallholders, yielding an average net benefit of over \$100 per household. | <p>Building an international-standard fruit processing facility in Salima, with a large-volume customer already secured.</p> <p>Registering and working with over 4,000 smallholder mango growers (one-to-one relationships, now being organised into collectives).</p> <p>Irrigated 68 ha (out of target 350 ha), as required G8 enabling support has not yet kicked in.</p> <p>Necessary machinery either imported or commissioned, with commencement of operations only delayed by onset of rainy season.</p> <p>Recruited all key staff, with over 500 currently employed.</p> | |
| Monsanto Malawi | <p>Contribute to strengthening hybrid seed, vegetable and crop-protection product value chains by:</p> <ol style="list-style-type: none"> 1. advancing existing testing efforts, focusing on the introduction of high-quality and high-yielding conventional hybrid seed maize varieties and Bollgard insect-protected cotton; and 2. investing working capital to enable normal business | <p>Introducing high-quality, high-yielding conventional hybrid seed maize varieties and Bollgard insect protected cotton.</p> | |

| Company | Goal | Progress to date | Traffic light rating |
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| | operations and meet all biosafety standards prior to commercial introduction. | | |
| Mpatsa Farms | Add value to existing farming and aquaculture operations through an investment of approximately \$2 million to: 1. introduce irrigation farming for rice, cotton, soya and maize, soliciting irrigation expertise and purchasing irrigation equipment; and 2. expand its aquaculture venture by breeding fish species such as chambo, makumbi and catfish, involving the construction of additional dams and the introduction of cage culture. | Constructed 2 additional dams and put in various fish types, then stopped and channelled resources to tobacco farming. Bought 3 pumps (198 hp, 174 hp and 125 hp respectively) to enhance irrigation. Switched from rice and cotton production to tobacco commercial farming due to preferential pricing; initial 60 ha increased to 180 ha in February 2014, with expected average yield of 2.5 tonnes/ha. | |
| National Smallholder Farmers' Association of Malawi (NASFAM) | Improve the livelihoods and market access of smallholders by: 1. enlarging NASFAM's seed multiplication and supply programmes for groundnuts, soya and pigeon peas to reach over 100,000 smallholders, particularly expanding certified seed supply for commercial sale to 1,000 tonnes p.a.; 2. developing rice export markets for 250 tonnes p.a. and increasing groundnut and soya trading to local and external markets by 3,000 tonnes; and 3. providing \$3 million worth of production training to smallholders annually. | Hired 10 additional staff. Procured and distributed certified seed to, and expanded programming to reach, 41,000 smallholders. In talks to form the Afri-Oils plant oil production joint venture with Afri-Nut, BERL and ExAgris Africa. | |
| Panthochi Seed Company | Improve access of local farmers to high-quality certified seeds by: 1. expanding seed production to create self sustainability and income independence of smallholders; and 2. subject to the GoM meeting commitments under the NES, purchasing farming machinery to assist in up-scaling the company's seed production | Produced early maturing seeds, and sensitized customers to the need for conservation agriculture, crop diversification, and cultivation of trees that will help rehabilitate soil fertility. Donated seeds to winter farmers in Mulanje and Nsanje as partnership negotiations failed. Mass production currently hampered as operations are performed manually; the farming, grading, processing and packaging machinery required to up-scale will not be available for another 3-5 years. | |
| Press Agriculture (PAL) | Strengthen agricultural commodity value chains by: 1. restructuring its operations and expanding in seed cropping and marketing to fill the certified seed availability gap, as well as oilseed production (groundnuts, soya and sunflower); 2. investing \$5 million over five years in oil crushing and refining, and livestock production for beef and related products; and 3. Conducting out-grower schemes, using PAL's estates as | Cancelled Letter of Intent. Planned investments put on hold due to funding problems, as the cost of finance in Malawi remains very prohibitive and the macroeconomic environment has been judged un conducive. | |

| Company | Goal | Progress to date | Traffic light rating |
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| | anchor farms to train and improve local farmers' production capacity. | | |
| RAB Processors | Expand the market for smallholder inputs to fortified and nutritious food products by: 1. increasing the production of leguminous crops to expand Malawi's export base whilst improving the nutritional status of the population; 2. contributing investment of \$8-10 million, along with knowhow and resources, to identify investment and technical partners, carry out R&D, and impart skills and guidance to farmers; and 3. conducting research to add value to basic legumes (such as groundnuts and soya beans) to produce textured vegetable protein, quality edible oils and high-energy supplements. | A factory with a capacity for processing around 30,000 tonnes of soya is under construction and due to commence operations from June 2014. Sourced produce directly from around 30,000 smallholders around the country. Planning to hire around 100 staff between April and September 2014. Working with Global Compact to ensure compliance with best practice for responsible agri-investment. The GoM is expected to facilitate direct linkage with farmers through contract farming. | |
| Seed Co Malawi (SCM) | Develop and market certified crop seeds by: 1. investing \$8 million to build a new processing complex in Lilongwe, including modern offices, a warehouse, and a seed processing plant for maize, soybean and beans; 2. installing a \$1 million cotton acid de-linting plant in Lilongwe; and 3. developing improved rice varieties with a Consultative Group on International Agricultural Research (CGIAR) partner. | Letter of Intent cancelled following a restructuring of the company's shareholding in November 2013. All engagements entered into prior to this will require re-endorsement before in order to be recognised. | |
| Standard Bank Malawi | Improve access to financial services for individual growers and local and international agribusinesses by: 1. advancing commodity and production finance in pursuance of Malawi's NES, in particular for the oilseed cluster, to increase productivity and in-country value addition; and 2. over the first twelve months, financing projects in line with the NES. | Standard Bank's risk appetite for crops and processing alone is K2 billion but actual performance to date is K2.4 billion. This already displays the Bank's commitment to funding projects in this sector. As more opportunities arise, we are willing to consider reviewing our risk appetite to accommodate more loans. | |
| Swiss Re | Develop micro-insurance solutions to agricultural risks by investing in-kind to support development of sustainable agri-risk management markets, with a view to assisting farmers with production risk coverage, accessing finance and engaging in higher income generating activities. | Partnerships forged with donors, businesses and governments for advancement of agri-risk transfer markets through International Finance Corporation supported projects. At pan-African level, 300,000 smallholders reached. | |
| Universal Industries | Contribute to value addition of locally-grown commodities by: 1. producing breakfast cereals with local rice and maize, entailing supply chain organisation, technical backstopping, | Secured board approval for installation of soya processing line and oil refinery, with operations, staff recruitment and procurement of produce for the new processing facility due | |

| Company | Goal | Progress to date | Traffic light rating |
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| | <p>machinery procurement and job creation;</p> <p>2. producing extruded soya TVP, and, through collaboration with the Malawi Industrial Research and Technology Development Centre (MIRTDC), a complete “instant” soya meal by adding dehydrated vegetables sourced from SMEs to be created in the value chain; and</p> <p>3. using defatted soya flour from oil processing as a base for the fully locally-made instant nutritious porridge (NutriGlucoPhala).</p> | <p>to commence in March 2014. Oil refined will be used internally as import substitution.</p> <p>Produced flavoured, high-protein basic soya pieces.</p> <p>In concept stage for production of nutrition soya bar aimed at pregnant women and nursing mothers.</p> <p>Intensive collaborative research underway with MIRTDC for production of a complete “instant” soya meal, expected to be on-shelf within one year.</p> <p>Launched the Breakfast Cereal as well as Nutri Gluco Phala</p> | |
| <i>The following investment plans exist, but no progress report has been shared</i> | | | |
| Export Trading Group (ETG) | <p>Pursuing integrated farming, trading and processing of agricultural commodities through an end to-end supply-chain solution by</p> <p>1. investing \$20 million to establish an integrated cotton processing facility in Blantyre, supply chain infrastructure and expanding soya bean, pigeon pea and maize processing facilities;</p> <p>2. expanding processing capacity by 100,000 tonnes, and extending silo, warehouse and transport capacity to handle an additional 50,000 tonnes of commodities;</p> <p>3. setting up a tractor and farm equipment showroom and training centre in Lilongwe; and</p> <p>4. working with smallholders for the transfer of technology and best practices.</p> | | |
| Tapika Food Products | <p>Improve the food security, nutritional status and livelihoods of farming households through honey production (as an additional activity to their traditional crop cultivation) by investing \$1.5 million to expand the company’s bee-keeping project to other regions of the country, benefiting an estimated 4,000 families (subject to the GoM meeting commitments under the NES).</p> | | |

c. Summary Table of Indicators

| Indicator (input, output, outcome) | Baseline Source Document | | | Average for Suggested Baseline Period (2010-2013) | | End Target | | | Current Status | | | Rating |
|-----------------------------------------------------------------------------|--------------------------|-------|--------|---------------------------------------------------|---------|------------|-------|---------|----------------|-------|---------|--------|
| | Year | Value | Unit | Value | Unit | Year | Value | Unit | Year | Value | Unit | |
| Increase cereal yields to 2.3 tons /ha | 2010 | 1.7 | Ton/ha | 2.04 | Tons/ha | 2015 | 2.3 | Tons/ha | 2013 | 1.8 | Tons/ha | GREEN |
| Increase share of irrigated arable land | 2004 | 2 | ha | 2 | ha | 2015 | 7.0 | ha | 2 | 2.3 | ha | Yellow |
| Share of government agriculture expenditure in total government expenditure | 2010 | 18.9 | % | 17.3 | % | 2015 | 25 | % | 2012 | 18.2 | % | GREEN |
| Ratio of agricultural expenditure to agricultural budget | 2010 | 92 | % | 75.7 | % | 2015 | | | 2012 | 0.74 | % | RED |
| Adoption rate of priority agricultural technologies | 2010 | 30 | % | 34 | % | 2015 | 60 | % | 2013 | 40 | % | YELLOW |
| Number of technologies developed and released | | | | | | | | | | | | |
| Crops | 2010 | 8 | Number | 13 | Number | 2015 | 28 | Number | 2012 | 4 | Number | RED |
| Livestock | 2010 | 1 | Number | 1 | Number | 2015 | 2 | Number | 2012 | 0 | Number | RED |
| Fish | 2010 | 2 | Number | 2 | Number | 2015 | 2 | Number | 2012 | 3 | Number | GREEN |
| Area under | 2010 | 72000 | ha. | 87353 | ha | 2015 | 28000 | ha | 2013 | 97537 | ha | YELLOW |

| Indicator (input, output, outcome) | Baseline Source Document | | | Average for Suggested Baseline Period (2010-2013) | | End Target | | | Current Status | | | Rating |
|-------------------------------------------------------|--------------------------|--------|------------------------|---------------------------------------------------|------------------------|------------|----------|--------------|----------------|---------|------------------------|--------|
| | Year | Value | Unit | Value | Unit | Year | Value | Unit | Year | Value | Unit | |
| sustainable irrigation | | | | | | | 0 | | | | | |
| Agricultural Labor Productivity | 2010 | 622 | \$ per worker | 627 | \$ per worker | 2015 | | | 2011 | 631 | \$ per worker | YELLOW |
| Agricultural land productivity | 2010 | 547 | \$ per ha | 560 | \$ per ha | 2015 | | | 2011 | 572 | \$ per worker | YELLOW |
| Staple food gap | 2010 | 0.53 | Million tons | 0.605 | Million tons | 2015 | 0 | Million tons | 2013 | 0.19 | Million tons | YELLOW |
| Population at risk of food insecurity | 2010 | 508089 | Number | 1053880 | Number | 2015 | <1500000 | Number | 2013 | 1461940 | Number | YELLOW |
| Value of total exports | 2010 | 830 | Million US\$ | 972 | Million US\$ | 2015 | 800 | Million US\$ | 2012 | 959 | Million US\$ | GREEN |
| Ratio of agricultural exports to agricultural imports | 2010 | 0.47 | ratio | 0.47 | ratio | | | | 2010 | 0.47 | ratio | YELLOW |
| Real agricultural GDP growth rate | 2010 | 3.9 | % | 3.4 | % | 2015 | 6 | % | 2013 | 5.7 | % | YELLOW |
| Real Agricultural GDP | 2010 | 276204 | (MK million, 2009=100) | 295663 | (MK million, 2009=100) | | | | 2013 | 304393 | (MK million, 2009=100) | YELLOW |
| Real GDP per capita | 2010 | 780 | US\$ (2005=100) | 784 | US\$ (2005=100) | | | | 2011 | 788 | US\$ (2005=100) | YELLOW |

| Indicator (input, output, outcome) | Baseline Source Document | | | Average for Suggested Baseline Period (2010-2013) | | End Target | | | Current Status | | | Rating |
|-----------------------------------------------------------------------|--------------------------|-------|------|---------------------------------------------------|------|------------|-------|------|----------------|-------|------|--------|
| | Year | Value | Unit | Value | Unit | Year | Value | Unit | Year | Value | Unit | |
| Real GDP growth rate | 2010 | 6.5 | % | 5.35 | % | | | | 2011 | 4.2 | % | RED |
| Proportion of the population below minimum dietary energy consumption | 2010 | 24.5 | % | 24.5 | % | | | | 2010 | 24.5 | % | YELLOW |
| Prevalence of underweight children under five years of age (H2) | 2010 | 13 | % | 13 | % | | | | 2010 | 13 | % | YELLOW |
| Prevalence of stunted children under five years of age (H2) | 2010 | 47 | % | 47 | % | | | | 2010 | 47 | % | YELLOW |
| Share of poorest quintile in national income (P3) | 2010 | 5 | % | 5 | % | | | | 2010 | 5 | % | YELLOW |
| HIV/AIDS Prevalence rate (HIV) | 2010 | 10.6 | % | 10.6 | % | | | | 2010 | 10.6 | % | YELLOW |
| Poverty gap | 2010 | 19 | % | 19 | % | | | | 2010 | 19 | % | YELLOW |