



WORLD BANK GROUP
Agriculture

AGRICULTURAL COMMERCIALIZATION (AGCOM) PROJECT

**2022 Malawi Agricultural Productivity and
Commercialization Conference
Practical Lessons & Experiences
Bingu International Conference Centre, Lilongwe**

10th June, 2022

Presentation Outline

- Project Information
- Project Key Performance Indicators
- Achievements on Key Deliverables
- Progress on Results Framework
- Success Factors
- Lessons Learnt
- Challenges and Action Taken
- Success Stories

Project Basic Information

US\$95
Million WB
credit
facility

Implemented
by
MoA
MoI, MoT
MoL
MITC, MBS

Six
year
Project

Approved
on 23rd May
2017

Effective
on 1st
June
2018

Close on
31st May
2023

Project Development Objectives

Project Development Objective

To increase commercialization of agriculture value chain products selected under the project and to provide immediate and effective response to an eligible crisis or emergency

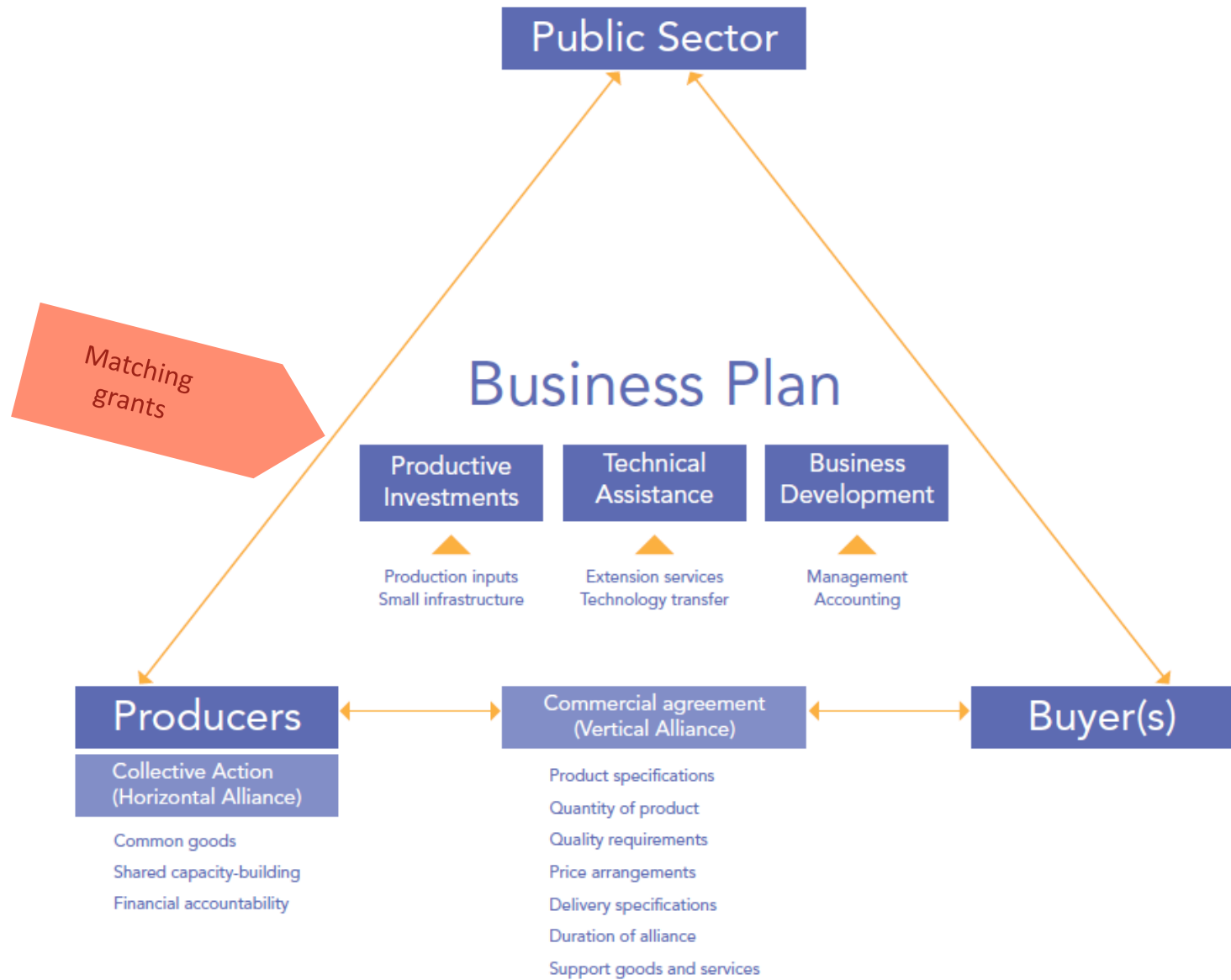
Result Indicators

- Incremental volume of sales of POs within PAs
- Incremental value of sales of POs within PAs
- Number of value chains products with at least 50% increase in commercialization
- Number of farmers reached with agricultural assets and services
- Number of beneficiaries under emergency response

THE CONCEPT OF PRODUCTIVE ALLIANCES

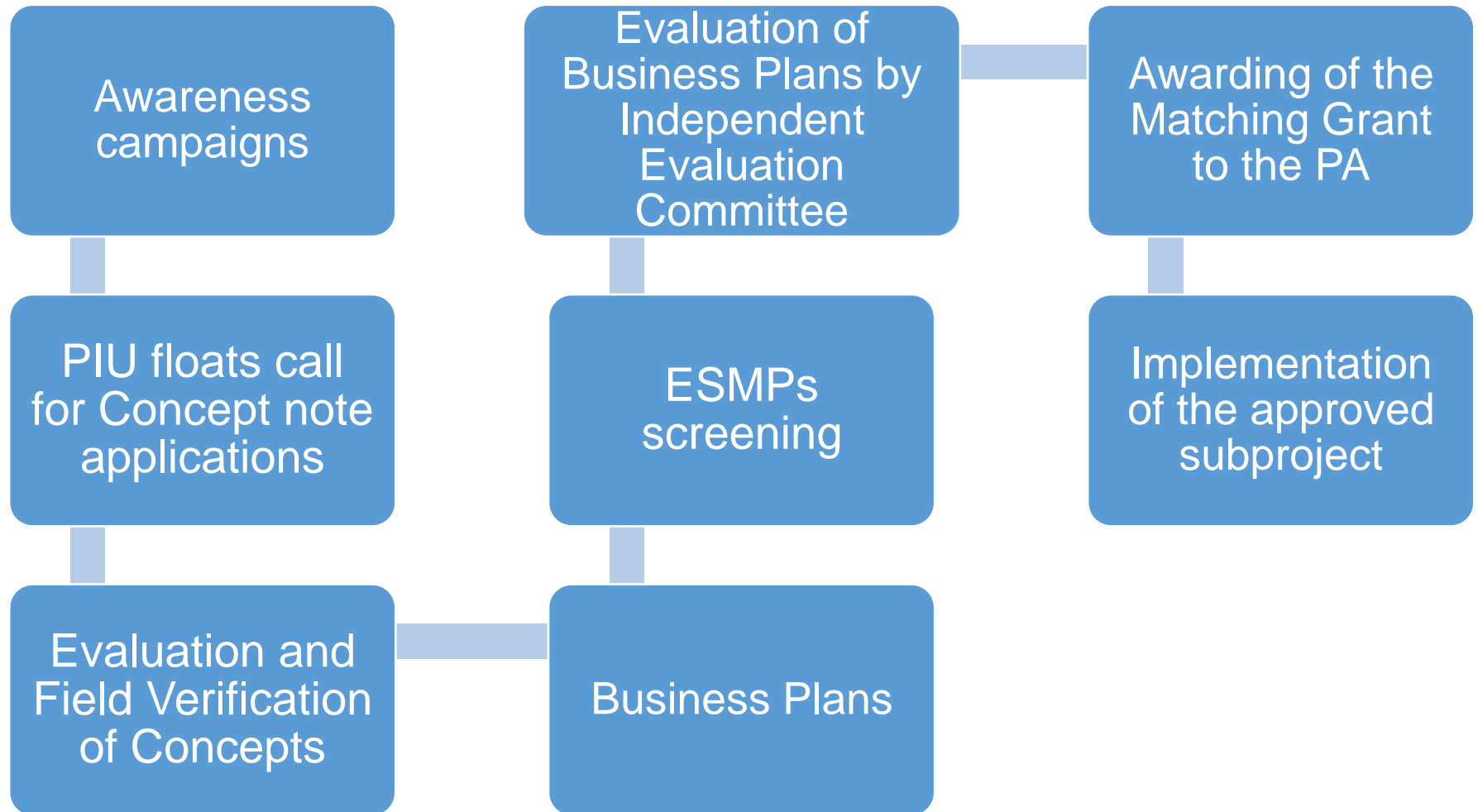


Commercial Producer-Buyer Relationships



AGCOM (Based on Productive Alliance Model)

The process of establishing a PA agreement



SOME NOTABLE PROGRESS OF THE PROJECT IN REPORTING PERIOD

July 2018 to June, 2022

Sub-projects financed with Matching Grants

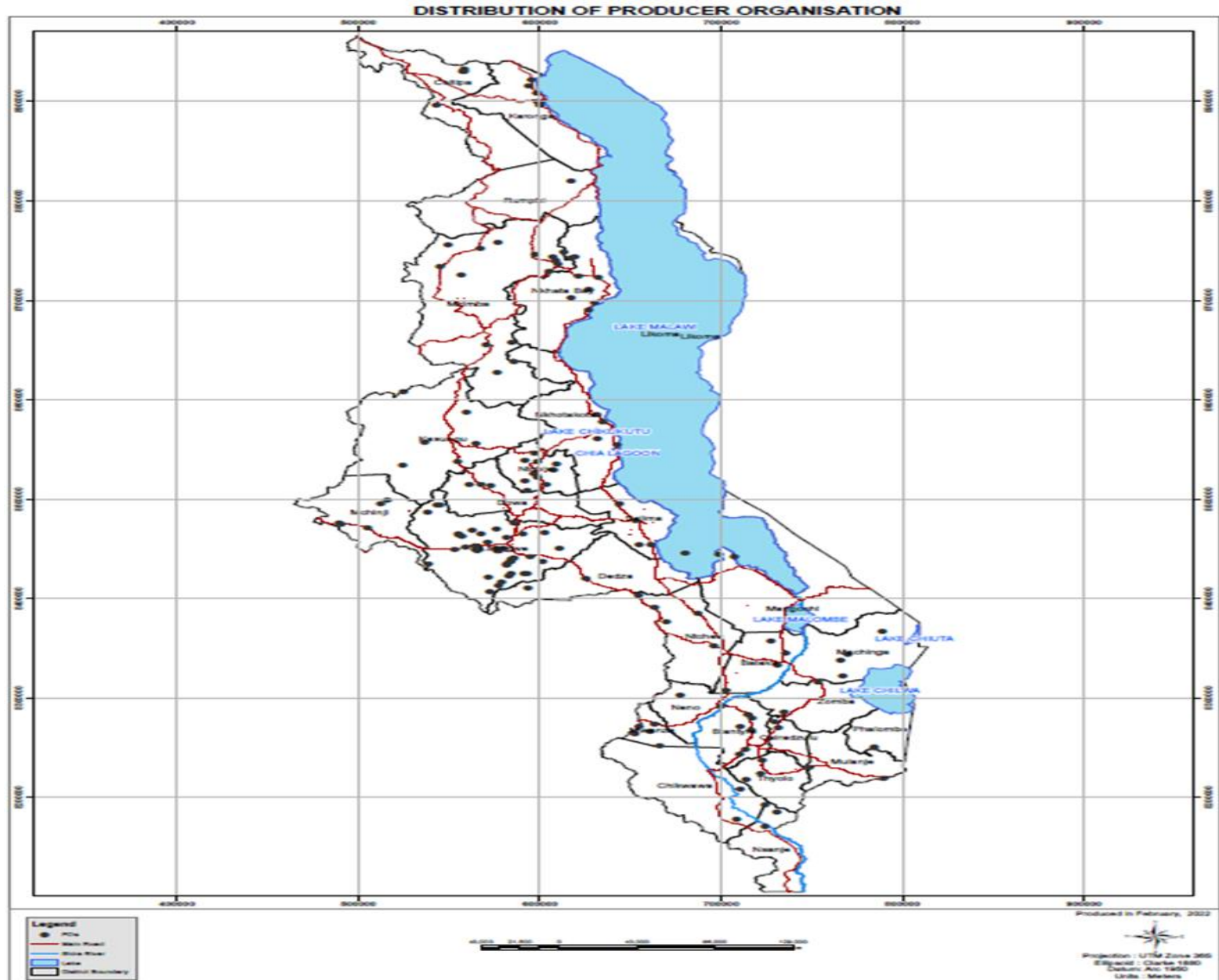
Productive Alliances (PAs) established to date:

- A total of **267 PAs (204 in Year 4)** had been approved to date,
 - Of which **203 (137 in Year 4)** PAs have signed agreements after making their PO contributions (at least 10% of first tranche) & access grants.
 - **22** Women only PAs accessing matching grants
 - **10** youth only PAs accessing matching grants
- This represents a total **51,000 farming households** benefiting (**Women=27,000, Men-24,000 & youth-17,000**) (more women & youth participation means an inclusive growth inline with country strategy)

Productive Alliance Pipeline:

- **last window** calling for concept notes closed on **28th March, 2022** with **697 Concepts Submissions**

National distribution of the PAs



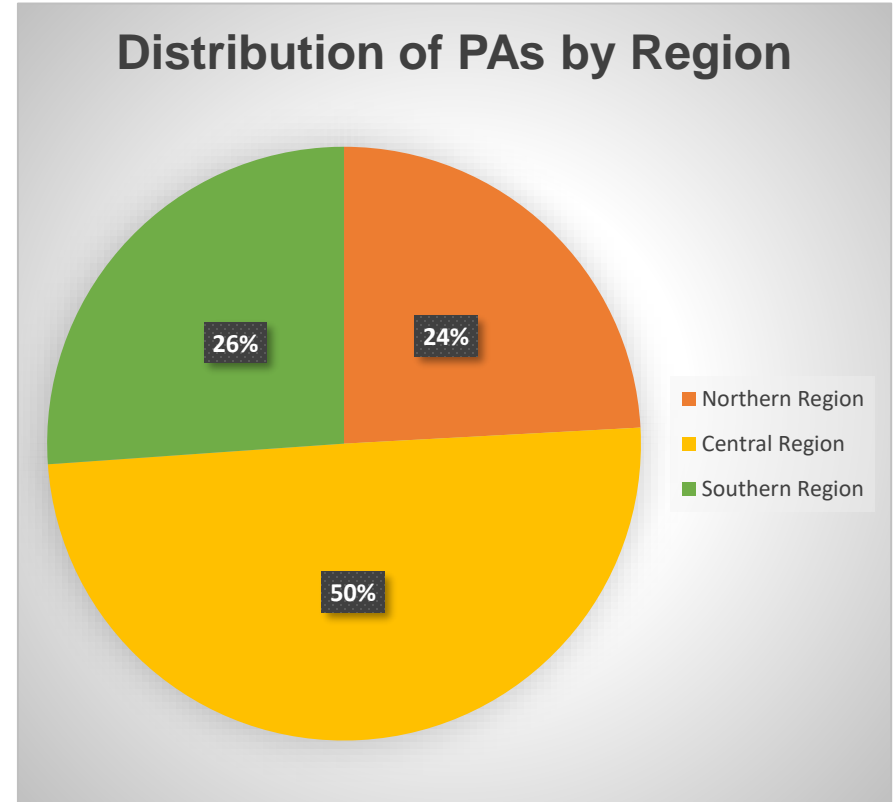
AGCOM Funds committed to the 203 PAs

- **USD19.7m** (Approx. MK16b) committed
- Distribution as below—Focusing only on 70% Matching by AGCOM

AGCOM PROJECT

Distribution of PAs By Region and Value of sub-project

Region	No. of POs	Value of Matching Grants	% of Total MG
South	53 (26%)	9,241,692,916.41	58%
Centre	101 (50%)	4,207,366,886.02	26%
North	49 (24%)	2,604,552,137.75	16%
		16,053,611,940.36	



Distribution by value chain (20 VCs)

No. of POs	Value chain	Subproject Cost	% of total MG
2 POs	Sugarcane	MWK4.6 Billion	29%
56 POs	Soya	MWK3.0 Billion	19%
36 POs	Dairy	MWK3.0 Billion	19%
15 POs	Poultry	MWK730 Million	5%
16 POs	Rice	MWK706 Million	4%
6 POs	Fish farming	MWK562 Million	4%
14 POs	Honey	MWK449 Million	3%
4 POs	Coffee	MWK372 Million	2%
10 POs	G/nuts	MWK290 Million	2%
4 POs	Bananas	MWK270Million	2%
5 POs	Beans	MWK227 Million	1%
8 POs	Horticulture	MWK221 Million	1%

Other Achievements of the Project

- The project has developed a comprehensive pipeline of **160 Last miles Infrastructures** that are within **29 Clusters**, costing about **US\$ 23.8 million**. 1st set of 16 clusters of subprojects (US\$ 11.9 million) covering 54 POs in AGCOM 1 & 2nd set of 13 clusters of subprojects (US\$ 11.9 million) covering 101 POs in AGCOM 2
- Cumulatively adjudicated and demarcated **13,233 customary land parcels (1,417 in yr. 4)** belonging to about **7,620** households representing 63.5% achievement of the project target.
- The project facilitated the establishment of the online **Malawi Business Registration System** as part of the efforts to build a business enabling environment (Business opened within 24 hours from over 7 days or weeks).
- The project also helps farmers access working capital through provision of Partial Credit Guarantee (PCG) Fund. The PCG is now **Functional** and farmers are accessing funds for working capital (covered over **10 loans**)
- AGCOM support farmers enter regional and international markets through access to required certifications (20 POs are going thru various assessments towards certification and already **2 POs are have been certified against 15**)

Other Achievements of the Project

- The project is implementing recommendations from the Warehouse scoping study after identifying concrete engagement model to encourage farmers as well as small and medium enterprises (SME's) to use warehouse receipt system in improving own incomes and financing.
- AGCOM also help farmers affected by disaster build livelihoods and resilience through Contingency Emergency Response Component (CERC),
 - During cyclone Ida AGCOM delivered **21,000** metric tones of maize to strategic grain reserves, rehabilitated **15** roads and **19 Irrigation schemes** covering 2,000 hectares of land that were damaged.
 - During tropical storm Ana AGCOM is procuring **1,950 metric tones** of fertilizer and **195 metric tons** of seed for **39,000 affected farming families** to plant under residual moistures in the 13 districts of the southern region.

ACHIEVEMENTS ON RESULTS FRAMEWORK

Progress on Key Performance Indicators

No.	Indicator Name	End Target (31 st May, 2023)	Progress as at 30 th March, 2021	Comments
1	Increase in Volume of sales of Producer Organizations within Productive Alliances (MT/year)	15,000.00	16,120.95	Exceeded expectations and achieved 107%
1a	Increase in Value of Sales of Producer Organizations Within Productive Alliances (USD)	10,000,000	12,672,409.55	Exceeded expectations and achieved about 126%
2.	Number of Value chains products with at least 50% increase in commercialization.	5	4	Achieved about 80% of target. Moving in the right trajectory to achieve end of Project target.
3	Farmers reached with agricultural assets and services	40,000	51,196	127% achieved. As more PAs are awarded the target will easily exceeded

Progress on Intermediate results indicators

No.	Indicator Name	End Target (31 st May, 2023)	Progress as at 30 th March, 2021	Comments
4	Number of Beneficiaries of emergency response	391,000	391,200	Completed (Achieved)
5.	Number of subprojects financed with matching grants	200	203	101% achievement
5a	Number of subprojects with signed agreement	210	203	0
5b	Women only producer organizations accessing matching grants	20	19	In the right trajectory to meet the project target.
7.	Number of producer organizations within Productive Alliances (PAs) accessing financing supported by the PCGF	50	7	PCG just set up and more sensitizations being made targeting both the POs and the Banks themselves.
8.	Number of producer organizations within Productive Alliances benefited by last-mile infrastructure subprojects implemented	50	0	Three Last Mile Infrastructure have been approved and about to be implemented. So far 16 Last mile clusters have been assessed and the economic analysis, cost analysis and

Progress on Intermediate results indicators

No.	Indicator Name	End (31 st 2023)	Target May,	Progress as at 30 th March, 2021	Comments
9.	Beneficiaries of the warehouse receipt system		4,100	2,264	Only preliminary interventions implemented
10	Number of smallholder households with secure land tenure		12,000	7,620	63.5% achieved. The sporadic demarcation and adjudication of land tenure is in progress.
11	Project supported Agro-business organizations that obtained one or more certifications (disaggregated by type of certification)		15	2	Representing 13% achievement
12	Number of automatized systems, policies and regulatory instruments implemented to support agriculture business and commercialization		12	4	4 (33%) Reforms achieved and currently nine Reforms being implemented at various stages
13	Smallholders/farmers/beneficiaries (male and female farmers or businesses) satisfied with services (percentage)		80	86%	86% of all beneficiaries were satisfied with the services and products offered by the project. And 88% of women were satisfied with services offered by the project

Progress on Intermediate results indicators

No.	Indicator Name	End (31 st May, 2023)	Target	Progress as at 30 th March, 2021	Comments
14	Volume of maize delivered to NFRA (MT)		21,000	20,999.97	100% achieved (Completed)
15	Area under Irrigation through rehabilitated systems (Hectares)		2000	2000	100 % achieved (Completed)
16	Distance rehabilitated or improved under roads (Kms)		100	99.7	Almost 100% achieved (Completed)

Success Factors

- **Intensified Information Education & Communication strategy:** The strategies included Cheque handover ceremonies, Exclusive interviews, radio programs, television programs, newspaper articles, radio & TV jingles, radio & TV comedies, banners, posters, leaflets, t-shirts, golf-shirts
- **Frequent Independent Evaluation Committee (IEC) Meetings:** IEC was meeting more frequently once or twice a month as need be. A lot of business plans approved in a short time.
- **Frequent Calls:** Calls for concept Notes more made every 2 months
- **Increase in PIU Assessment Teams:** Increased number of experts involved in concept note assessments, due diligence and field verifications and pre-IEC screening sessions
- **Role of ABOs, Business Plans Development brokers and TIS Brokers:** These efforts individually and collectively have fast tracked the establishment and implementation of PAs.

Lessons Learnt

- **Detailed due diligence analysis** (screening process) at concept level help reduce the risk of failure at business plan stage and at sub-project implementation level.
- **Mind set change** possible among smallholder farmers – able to co-finance subproject >>>**US\$2.6m to co-finance** the sub-project (more can benefit)
- Alliances are strengthened through **stronger involvement of local actors** such as District Councils, Off-takers and NGOs in the activities of the producer organizations.
- The **30%** (10% cash & 20 % in-kind) **contribution** against the business plans leads to **increased ownership** and **sustainability** of the sub-projects
- **Strong and active participation** of off-takers (strong PAs) observed among Value Chains with structured markets (Tea, Cotton & Coffee).
 - However, other off-takers (Demeter) eager to try advance inputs in legumes as long as AGCOM facilitates at the start .

Lessons Learnt Cont'd

- Women and youth are **not too poor to Invest** (out of 203 PAs over **30 PAs** are women & youth only who contributed 30% against BP)
- The productive Alliance model has proven that women and youth can be **catalysts** to improve **agricultural productivity, income generation** and **job creation** (ACADES Youth & Nsanama Women creating over 30 Jobs)
- **Guaranteed market** through the off-takers creates strong **impetus to increase production**- (also creates platform for increased sales, fair pricing & Increased market orientation)
- Peer learning **strengthens cohesion** and **trust** among the members because many of them face similar challenges (Some women only and youth only groups have proved to be more vibrant than most mixed groups)
- **Mechanizations & ICT** in agriculture is what attracts youth participation in agriculture (Most youth apply for factories, processing equipment & machinery)

Challenges and Action Taken

N/A	Challenges	Action Taken
1	Failure or taking too long by producer organizations within Productive Alliances to provide their 30% Matching Grant Contribution	Increased Items acceptable under matching grant and increased flexibility on Matching grant contribution by allowing matching as a whole budget and not in relation to assets. Established and emphasized on matching grant payment period of 4 months after agreement signing date
2.	High rejection rate of loan applications from Producer Organizations on PCG Fund (20 applications & only 4 accepted)	Increased sensitization and awareness on the partial credit guarantee fund to the producer organizations and the Banks. The Project held a sensitization meeting to 84 PAs within the project and held separate orientation meetings with the 5 participating banks
3	Delays in finalization of Adjudication and demarcation of land parcels due to spread abroad farm lands and limited membership of some POs	Targeted producer organizations with large memberships falling within districts that already have land clerks to gain mileage
4	Delays in procurement as the procurement specialist and his deputy resigned at the same time.	Fast tracked the procurement process. The project made arrangements to be using procurement specialist under ASWAP SPII.

SOME OF THE AGCOM SUCCESS STORIES

SUCCESS STORIES

Women Cooperative Processing Cassava Sprout up Through AGCOM

- Nsanama Women Cooperative is one of the first groups that received a matching grant from AGCOM Project.
- In the first tranche the group received MWK 12 Million that enabled them to buy a state of the art mill which significantly improved their processing capacity.
- An old manual machine produced 1.5 tons per month against the market demand of 50 tons per month. The new machine will process 1.5 tons per hour.
- While the old machine was only able to process cassava, the new machine will also be used to process maize four and livestock feed there by widening the customer base.





M'BAWA FARMERS ASSOCIATION

**SUPPORTING SOYBEAN PRODUCTION
TO INCREASE FARMERS' REVENUE**



**MTENDERE TEA AND HORTICULTURE
COOPERATIVE**



**AGCOM SUPPORTED TEA
PRUNING MACHINES AND
PROTECTIVE GEAR**



**NTCHISI EAST COFFEE
COOPERATIVE**



**ACHIEVING
PROFITABILITY
THROUGH VALUE
ADDITION USING
PULPER MACHINE**



Success Stories Cont'd



ACADES YOUTH GROUP

**IMPROVING STORAGE
CAPACITY OF
COOPERATIVES THROUGH
WAREHOUSE
CONSTRUCTION**



Success Stories Cont'd

MTENDERE TEA AND HORTICULTURE COOPERATIVE



AGCOM SUPPORTED TEA PRUNING MACHINES AND PROTECTIVE GEAR



CHITSANZO DAIRY FARMER COOPERATIVE



INCREASING WOMEN'S ACCESS TO DAIRY ANIMALS



Success Stories Cont'd



CHEKA COOPERATIVE



PROMOTING
POST-HARVEST
PROCESSING
THROUGH
GROUNDNUTS
SHELLING MACHINE



CHISENGA HONEY PRODUCERS AND MARKETING COOPERATIVE



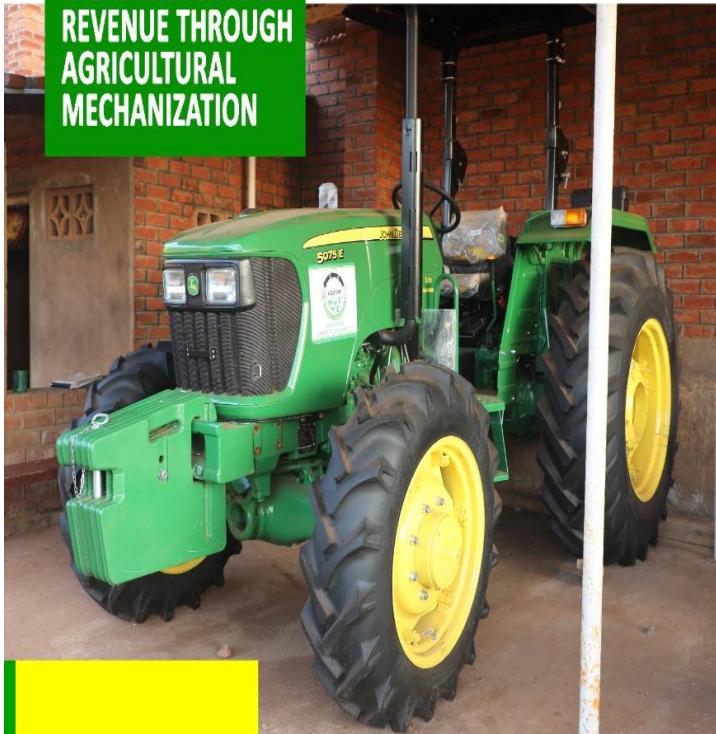
INCREASED HONEY
PRODUCTION BY
CHISENGA
COOPERATIVE
THROUGH AGCOM
MATCHING GRANT

Success Stories Cont'd



**MWANDAMA PRODUCERS AND
MARKETING COOPERATIVE**

**INCREASING FARM
REVENUE THROUGH
AGRICULTURAL
MECHANIZATION**



**BUA RICE PRODUCERS AND MARKETING
COOPERATIVE SOCIETY LIMITED**

**SUPPORTING RICE PRODUCTION
AND VALUE ADDITION FOR
INCREASED REVENUE**



Chisanzo Dairy in Dedza processing Yogurt



Cheka Cooperative Prospering from Groundnut Seed Production

Cheka has been in the business of producing groundnuts seed for years but only got minimal profits due to high costs of production. The costs included transportation costs and shelling costs.

“Fortunately, we got selected to benefit from the matching grant of AGCOM, which the first tranche was used to procure a 3-ton truck and a shelling machine. These two assets have significantly reduced the costs of production”-The Chairperson of the group said

One member called Agnes Gwetsani said ***“Sometimes I would produce 20 bags and that meant I had to pay MWK10,000 for transportation. But for the cooperatives transport, we pay only MK 200 per bag meaning I spend MWK 4000 for 20 bags and save MWK6,000”.*** Her narrative is shared by other farmers as well. According to Manyika, another member of the group, they paid MWK 2000 to shell a 50Kg bag of groundnuts and at the cooperative they only pay MWK 600. This means for 20 bags of shelled ground nuts they only need to spend MWK 40,000 but with the machine at the cooperative, she is spending just MWK 12,000 for the 20 bags of ground nut shelling.



Coffee Production-A Game Changer for Ntchisi East Coffee.

The Manager, Rozen Sulumbu admitted that their partnership with AGCOM has been a major boost to their business. The group received MKW 26 Million in the first tranche and managed to build three pulper houses at MKW 7.5 Million each. They also procured two machines at the cost of MKW 10 Million for treatment of coffee. This is an upgrade in the processing of their coffee.

“Initially we were using a manual machine which was too slow, as it was handling about 500Kg per day. The new machine is able to process 1500KG of coffee per hour. The new machine removes mucilage during processing while the old ones require fermentation for three days to remove mucilage. Thus, this is a very big improvement in our value addition and processing of coffee” said Sulumbu. Judith Solomon, a member of Ntchisi East Coffee and a mother of eight from Vuso Jere Village said *“it was tiresome to process using manual machine. We had to wait hours and sometimes the whole day what we now process within a short time. It saves time and costs.”*



Packaging of Seed at ACADES Youth in Lilongwe



SHIMPA Benefiting from AGCOM

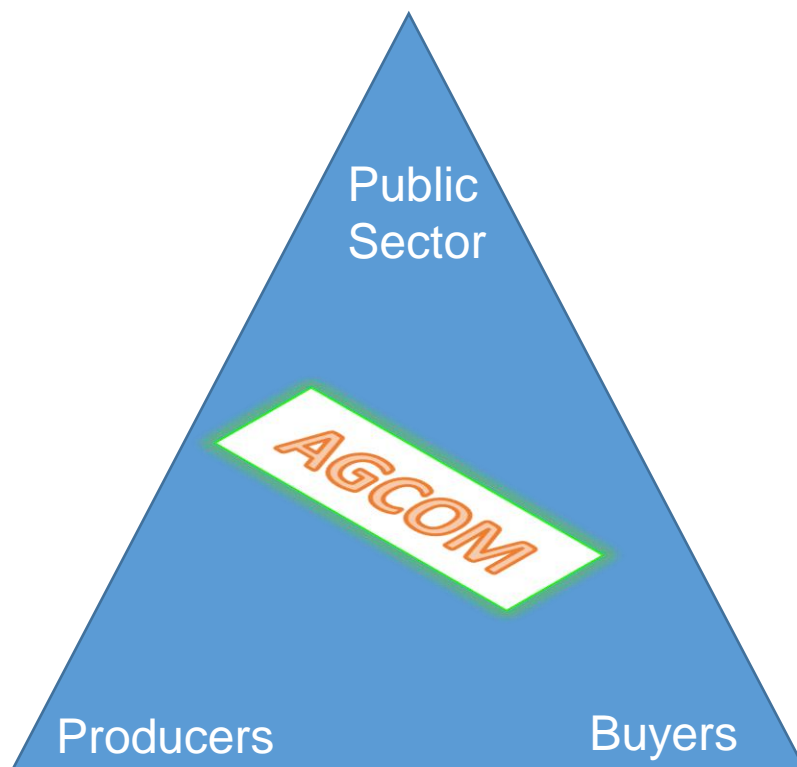
- The Principal Secretary of Agriculture- Mrs Erica Maganga (Middle) handing over of a 15 ton truck to SHIMPA in the Company of the National Project Coordinator Dr. Teddie Nakhumwa. The truck is being used for carrying feed for livestock to almost 6,000 cows in Blantyre, Thyolo, Chiradzulu and Mulanje
- In addition SHIMPA is also procuring 1000 heifers, Building two Milk Bulking Centres, procured a One ton pick up among other benefits



Tractor for Changu Coop in Kasungu



End of presentation
Thank you



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