

The Ministry of Agriculture's Mega Farm Project

**Presented during Mega-farms
Round Table event**

Sunbird Capital
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Introduction

- Mw Agric comprises smallholder and the estate sub-sectors
- >70 per cent of agricultural GDP coming from smallholders.
- Major food crops, are maize, rice, cassava, sweet and Irish potatoes, and legumes
- S/holders also grow cash crops, such as tea, tobacco, sugarcane and coffee.
- Estates focus on the commercial production of high-value cash crops such as tobacco, tea, sugarcane, and macadamia, all of which contribute significantly to the agricultural exports of the country.
- The estate subsector also provides contract farming opportunities to smallholders.
- Recently, there has been a growing emergence of medium-scale farmers defined as those cultivating between 5-10ha of land

Introduction.....

- MoA exploring initiatives to promote estate and smallholder commercial farming in areas like paprika, cotton, horticulture, and fruit production (mango, banana and citrus) through anchor farms.
- The Mega Farm Project aims at establishing large-scale production units in one place with the ability to vertically integrate able surrounding smallholder farmers in an out-grower system which is anchored on a large-scale production unit.
- The MFP will therefore operate within an Anchor Farm model where support services are rendered to willing out-grower smallholder farmers that surround a mega farm.
- These farmers will be organized in associations or cooperatives and linked to the MF.
- MF will result in skilled and unskilled personnel being employed on and off-farm, across value chains, thereby contributing to the creation of employment in line with Govt agenda .

MFP Rationale

- MoA 's APES data continue to register low production and productivity in both crop and livestock value chains across a broad spectrum of farmers.
- Also there is weak access to the available and potential markets by smallholder farmers.
- Some of the factors responsible for this state of affairs include but are not limited to:
 - poor access to quality inputs;
 - unstructured/unregulated markets for farm produce;
 - high prevalence of pre and post-harvest pests and diseases; compromised extension service delivery;
 - poor agricultural infrastructure to support production;
 - climatic shocks due to over-reliance on rain-fed agriculture;
 - limited access to capital to stimulate agricultural production,
 - low mechanization;
 - Inadequate functional agribusiness models to inspire local investors into the commercial farming business

MFP Rationale.....

- The MFP, as part of the Ministry's Reform Areas will overcome the above challenges as the initiative by definition is market-oriented in the sense that small-scale producers are linked to very big markets through large-scale producers who usually produce having already secured markets.
- Willing smallholder out grower farmers will, thus, be anchored in the mega farm through contracts. The project will therefore contribute massively towards market structuring efforts by Government.
- It is envisaged that Govt will play a critical role in ensuring that an enabling environment is created, through the provision of public goods and services like access roads, water and electricity.
- Govt will also facilitate the establishment of a **professionally run farm management company** to help enterprises, that will have been established on land parcels within the mega-farms dimension, on demand basis.

farm management company

- Its role will be, among others to provide mechanized farm services like;
 - (1) land preparation, including basal fertilizer application where required;
 - (2) planting;
 - (3) weeding;
 - (4) harvesting;
 - (5) transportation of farm produce to secure and well managed warehouses;
 - (6) post-harvest handling.
- Generally, the company will be available to facilitate on-farm management aspects like business planning, crop insurance, estate planning, farm programs, and financing, as may be demanded by the various farm enterprises available on a mega farm.

MFP Rationale.....

- It is envisaged that where an enterprise sources a loan for farm operations like land preparation, planting and harvesting, the funds will be channeled through the farm management company and that the beneficiary enterprise will access the loan through farm operations by the Company.
- The Company shall be **adequately capitalized** thus, it shall have the necessary farm equipment like **tractors, planters, harvesters and other ancillary things** necessary for all mechanized farm operations, including post-harvest handling.
- Essentially, mega-farms will promote extensive production of farm commodities which will result in massive improvement of the volumes and standards necessary for the available and potential export markets.
- The MFP is in line with the Government's commitment as stipulated in Malawi 2063's Pillar 1 of agriculture productivity and commercialization.
- The project is also in line with Sustainable Development Goals (SDGs) number one and two of eradicating extreme poverty and zero hunger.

PROJECT DESCRIPTION

- The Mega Farm Project aims at facilitating the establishment of large-scale production units that will also anchor willing surrounding smallholder farmers through an out-grower system that will be premised on contract farming arrangements.
- Through the anchor farm model, mega-farms will be compelled to provide productivity-enhancing support to the anchored smallholder farmers. This support will include the provision of extension and advisory services, provision of high-quality inputs (on loan), provision of warehousing facilities, farm equipment hiring services and the implied linkage to big markets.

Project Overall Objective

- The overall project objective is to significantly increase production and productivity within the high-value crop and livestock value chains and strengthen access to both local and international markets through the establishment of mega-farms with ability to vertically integrate willing surrounding farming communities.
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- Specifically, the project seeks to:
 - Increase output per unit area of land
 - Promote Irrigation
 - Strengthen access to land and agricultural financing
 - Increase agricultural exports

Project Scope

- The proposed project will facilitate the formation and development of mega-farms through the provision of catalytic infrastructure.
- Further, the project will promote access to innovative financing mechanisms such as matching grants and loans.

Project Outcomes & Outputs

Project outcomes

- Increased agricultural exports
- Increased production
- Improved Food Security level
- Improved employment

Project Outputs

- Area under mega farm cultivation increased;
- Volume of agricultural produce from mega farms increased;
- Accessory infrastructure on mega farms constructed; and
- Farmers accessing financial services increased

Project Major Activities

- Procurement of Machinery and Equipment
- Construction of access roads
- Linking farms to public utilities such as water and electricity
- Provision of matching grants and loans
- Construction of storage and aggregation centres
- Construction of agro-processing facilities.

Financial requirements & Expected project benefits and impacts

- The project's total estimated cost is USD 150 million. However, the actual project cost will determine after conducting a feasibility study
- The project is expected to facilitate intensive production of crops and livestock, aggregation of the output, adherence to market standards and increase overall revenue from the agricultural sector.
- The economy is therefore expected to benefit from the increased forex as a result of more export volumes and structuring of agro-markets.

The Prioritized Farms

DWAMBAZI LIVESTOCK FARM

- The farm is located in Mzimba and is connected to the national electricity power grid.
- The available land is 5,000 hectares
- The Government will provide infrastructure such as access and feeder roads, water points, artificial insemination services and perimeter fence

The interested bidder should have the following attributes:

- Knowledge in use of improved breeds, associated good animal husbandry practices.
- Ability to engage surrounding communities through outgrower farming contracts.
- Good knowledge of value addition and processing

Those interested are expected to indicate number of land parcels and enterprises in the expression of interest. The parcel of land will be used for 5years but renewable based on satisfactory performance

Dwambazi

Enterprise	Size of each parcel of land(Hectares)	Total number of Parcels	Total Hectarage	Expected Animals
Beef	500	6	3000	3000
Dairy	500	2	1000	1000
Goats	125	5	625	3125
Sheep	125	3	375	1875
		16	5000	9000

CROP PRODUCTION FARM IN MCHINJI

- The land is located in Mchinji district and each bidder will be required to indicate the land parcel and type of value chain in the expression of interest. The parcel of land will be used for 5 years but renewable based on satisfactory performance.
- Govt also to provide infrastructure as above

The interested bidder should have the following attributes:

- Knowledge in use of high yielding varieties associated good husbandry practices including post harvest handling.
- Good Knowledge of value addition and processing.
- Ability to engage surrounding communities through outgrower farming contracts.

Mchinji Farm.....

Enterprise	Size of Parcel of land (Ha)	Total No. of parcels	Expected tonnage(mt)	Total Area (ha)
Soya beans	500	4	4000	2000
Groundnuts	500	3	1500	1500
Sunflower	500	3	4000	1000
Total			9500	5000

PRIVATE OWNED LAND

- The Expression of Interest is also open to applicants with minimum land of 500 Ha
- Applicants should have the ability to engage surrounding communities through out-grower farming contracts.
- The applicants should also have knowledge in use of high yielding crop varieties or animal breeds and associated husbandry practices.
- The applicants should also have good knowledge of value addition and processing.
- An interface meeting will be organized with all prospective bidders.

**Thank You Very Much for your
Attention**